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How My Domestic Policy Views Have Changed
Jeane Kirkpatrick

The Tokyo-Oslo-Leningrad Axis
William C. Triplett, II

The Private Lives of Public Figures
A Symposium

More Imports, Please
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How Day-Care Harms Children
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How Americans are wounding ourselves

Since the stock market collapse, Americans have been cautioned that this country's deep and lingering habit of buying more from overseas countries than it sells abroad is dangerous to the country's economic health.

But despite all that has been written and said about America's horrendous trade deficit, we'd like to state, loudly and clearly, that Americans have every right to pick and choose in the marketplace. The decision to buy an import, like any other purchase, is usually made in a rational way, with due consideration to price and quality. In all the hoopla, what hasn't been expressed, to our knowledge, is righteous indignation over the impediments this country itself has created to bedevil American companies trying to meet foreign competition, both at home and abroad. The issue isn't whether Americans buy too many foreign goods; rather, it's whether domestic goods can meet the worldwide competition—and that means the ability to sell in foreign markets, as well as in the U.S.

While protectionists take great glee in citing trade barriers erected by our trading partners, the fact remains that we're no slouches at erecting barriers ourselves—to exports, not imports, and to the ability of America's companies to compete worldwide. Here's what we mean:

- The foreign tax credit has been part of America's tax law since 1918. Most major nations have something similar—basically, a shield against double taxation. It means that taxes paid overseas on overseas earnings are credited against taxes due in the U.S. on those foreign earnings. The credit never applies on money earned domestically. But America has gradually eroded its shield over the years, especially in the tax reform measure passed in 1986. Under the new law, complex "baskets" of different types of income have been created for U.S. firms operating overseas. The net result has been a higher tax burden for American companies than the one carried by their foreign competitors.
- Most major trading countries don't tax income from overseas until the money is brought home—if any taxes are due after the foreign tax credit is applied. The U.S., however, requires reporting of such earnings as they accrue—and sometimes taxes that money even before it's sent home. For example, income from shipping operations is subject to U.S. taxes whether repatriated or not, and the result could be to drive U.S. companies out of that business.
- Tax reform eliminated the investment tax credit and decimated accelerated depreciation. The net result was predictable: Higher taxes on U.S. companies, while the taxes of foreign firms remained the same. We might also add that most foreign countries don't rely as heavily on income taxes as the U.S. They also have some form of broad-based consumption tax which is an incentive to save, and to export.

America's self-erected export barriers extend beyond the tax law. The extraterritorial application of U.S. antitrust laws, for example, could invite retaliation by foreign governments, and dampen American involvement overseas. So could certain limits on the export of nonstrategic materials and products. So, certainly, would provisions of the trade bill currently being debated in Congress—one of which would require U.S. review of investments foreign companies plan to make here, and which would no doubt spark retaliation.

Based on America's record of wounding itself in the area of foreign trade, it seems obvious that the nation's leaders have been paying as little attention to the trade deficit as the man in the street. If, in the wake of the new awareness sparked by the stock market collapse, foreign trade ranks higher on the national agenda, a major plus will have resulted from an awesomely large financial minus.

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WELFARE STATE CONSERVATISM

Jeane Kirkpatrick Speaks About Her Domestic Policy Views

AN INTERVIEW BY ADAM MEYERSON

In February, 1988, Ambassador Jeane Kirkpatrick talked about her domestic views in an interview with Adam Meyerson, editor of *Policy Review*. Also present was Mark Rozell, assistant professor of political science at Mary Washington College.

Policy Review: **In your 1979 *Common Sense* article, "Why We Do Not Become Republicans," you criticized the Republican party for being slower than the Democrats "to provide economic aid, social status, and political rights to the deprived members of the society" and for failing to articulate an "inclusive vision of the public good." Would you make that same argument today? If not, is it because the GOP has changed in its attitude toward the welfare state, or because your own thinking has changed, or both?**

Kirkpatrick: I wrote that article before the Reagan campaigns of 1980 and 1984, which *did* articulate an inclusive vision of the public good. And as I wrote in the article, Republican practice on these matters has historically been a good deal better than the Republican articulation of the proper role of government. There has been a continuing Republican embarrassment about expressing an inclusive concern for the whole. Some Republicans feel that they are not quite being conservative unless they are Spencerian, Darwinian survival-of-the-fittest individualists. They seem to think that social goods are incompatible with respect for individual freedom or adherence to the principle that individual initiative is the most effective motor for accomplishing social goals. Fortunately, this has not been President Reagan's view.

In civilized societies I believe that people have a decent concern about each other and provide economic aid for those who are most thoroughly in need and least able to look after themselves; that people treat each other with a minimum of respect and dignity, which is what I mean by social status; and that all members of the society enjoy basic political rights, such as the franchise, freedom of speech and association, and all the other rights associated with the exercise of citizenship. I don't think that these principles are either liberal or conservative; and they have been embraced by both civilized conservatives and by civilized liberals. But there was a period, including the Depression, when the Democratic Party was more responsive than the Republicans in using government to assure these principles of a civilized society. The Democrats were more active in using government to provide both absolute basic minimums of well-being to destitute people and equal political rights to all the citizenry. It was the Democratic Party that had the vision and took action, and I think that was right and appropriate.

Having discovered, however, that government could be used to achieve civilized social goals and to enhance the quality of civic, social, and economic life, the Democrats later fell into a fallacy of their own. Many of them now think that government is good in itself, that action by government is morally superior to initiatives by individuals, families, and private associations, and that the federal government is superior somehow to state governments, which in turn are superior to local governments—an absolute reversal of the principle of subsidiarity. They consistently see government as the solution of first resort for problems—sometimes even for problems that don't exist. During the Depression, using the federal government's power was a new solution to a devastating new problem. But there came a time when, as can happen with medicines, the cure became itself a cause of illness.

P.R.: You have described yourself, perhaps semi-facetiously, as a "welfare state conservative." Is there a difference between welfare state liberalism and welfare state conservatism? If there is, please give some examples and indicate who were the great practitioners of welfare state conservatism.

Kirkpatrick: Every modern democracy is a welfare state in the sense that it seeks to provide basic minimum standards of well-being to its citizens. No serious political party, no serious policymaker, in this country or any other democracy, really proposes to repeal this function of government. No one proposes to wholly eliminate Social Security or an equivalent.

A welfare state liberal is much more ready than a conservative to maximize the power of the central government, and to minimize the role of individuals and voluntary associations, while a welfare state conservative sees central

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government as the last resort, not as the first resort, and is wary of the high cost and uncertain side effects that often attend centralized programs. I think, too, that the conservative sees positive virtue in self-reliance and self-sustaining activity. The conservative thinks that it is good for individuals to assume responsibility for themselves in so far as they can, good for families to assume responsibility for themselves, good for local communities. It makes stronger people, stronger families, stronger communities. By contrast, it is demoralizing for people if central bureaucracies make decisions for them; it weakens the social fiber.

Who were the great practitioners of welfare state conservatism? Well, obviously Disraeli with his working class Toryism—he is the original model. Charles de Gaulle is another, as is Dwight Eisenhower. Ronald Reagan is a fourth, Margaret Thatcher a fifth.

P.R.: What is your view of the government's role in specific policy areas? Poverty?

Kirkpatrick: As I said before, I see government as an instrument of last resort for providing basic minimum standards of well-being to everyone in the society, above all for people who cannot help themselves. Clearly the problems of old age, infirmity, and childhood are examples where people sometimes cannot look after themselves and government has an appropriate role in helping. Care should be taken to assist in a way that least disturbs other social relationships—with the family, with the community, with the church. Also the heavy hand of central bureaucracy should be lightened to the maximum degree by minimizing regulation and maximizing respect for the individual's ability to choose how to order his life.

Those are not the only occasions where government has to help. Sometimes communities are especially hard hit by natural disaster, or social or economic catastrophe. You might find whole towns out of work. Government has a role in helping people return to a position where they can assume responsibilities for themselves again. The goal should be to encourage the return to self-sustaining behavior rather than permanent government dependency, which means that people who receive government assistance shouldn't feel humiliated, but government assistance shouldn't be too attractive. You don't make it profitable for people not to work. You don't make it profitable for people not to assume responsibility for their children.

P.R.: Racial and sexual discrimination?

Kirkpatrick: I agree with the civil rights laws of the 1960s. I think they have been positive and I think they were necessary. This was an example where massive use of the coercive power of government was necessary to solve an unsolved problem. We had given ourselves a long time to end our racial discrimination by other means, and we hadn't succeeded.

I always say that I am in favor of affirmative action if it means a helping hand to people who have been historic victims of discrimination, especially discrimination based in law. It is appropriate for government to eliminate discrimination. But it is never appropriate to sacrifice merit to affirmative action or to substitute quotas for merit-based evaluation. I do not believe that one helps women or blacks or anybody by accepting lower standards of performance. I think this damages society a great deal and also damages the people who supposedly benefit.

P.R.: Homelessness?

Kirkpatrick: I have been thinking about this quite a bit lately. I guess we all have. How could we ever explain to Gorbachev that there are a lot of Americans who think that people have a *right* to live on the street? It strikes me that the Soviets confuse nonconformity with insanity and we confuse insanity with nonconformity. I mean, the ACLU actually argues that the homeless sleeping on grates on freezing nights are nonconformists who would rather stay on the streets, and that if we try to remove them, we are violating their rights.

A welfare state conservative sees central government as the last, not the first, resort, and is wary of the high cost and uncertain side effects that often attend centralized programs.

As I understand the problem of the homeless, much of it is the consequence of the deinstitutionalization of the mentally ill, which is inhumane, and shouldn't happen. A civilized society simply doesn't leave mentally incompetent people to freeze on grates. I affirm not only the right but the obligation of society to provide shelter for these homeless.

I don't believe that any significant portion of the homeless are homeless because they cannot find work or low-cost housing. I really don't. Almost all communities in the United States are prepared to help find low-cost housing for families in need. There may be some exceptions, but surely not many. The homeless problem is rather one of the mentally ill and traditional derelicts who, because of alcoholism or drugs, cannot take care of themselves.

P.R.: To what extent should the public good on such questions be defined and implemented at the federal level, to what extent at the state and local level?

Kirkpatrick: I embrace the principle of subsidiarity. If it is necessary for the government to assume a special welfare function, then the lower the level of government the better. However, it may often be appropriate for the federal government to set standards for state and local governments to implement and to measure their performance by.

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P.R.: What role, if any, should the federal government play in education, including higher education?

Kirkpatrick: We would see a revolution if federal aid were withdrawn from higher education. So I just don't think that's a practical policy alternative. People who take student loans should have to pay them back, of course. But in an affluent society like ours, there ought to be a variety of institutions of higher education as well as educational support systems that make it possible for virtually anybody with intellectual ability and desire to pursue a higher education, though not necessarily at public expense, and not necessarily at the institution of his choice. I am a very warm supporter of the development of junior colleges and community colleges and state university systems, which provide a wide range of alternatives, including the possibility of going to night school and work-study in the broadest sense. I really deplore the federal government's involvement in setting racial quotas and sexual quotas for higher education or anything. The federal regulation of higher education through affirmative action and EEOC demands has been pushed beyond any reasonable limit and has become dysfunctional, adding whole layers of cost that would be better spent on student scholarships.

I don't think it makes any sense to talk about one-way free trade in which we provide access to our markets and don't get access to others'.

In elementary and secondary education, it is desirable for funding and administration to come from state and local governments. The only exception I have ever considered is that sometimes I get tempted by national education standards. And I guess that if local communities are unwilling to assume responsibility or pay the cost of providing minimal facilities for the handicapped, then it is appropriate for the federal government to do it. But in general I would rather see the funds available to the lower levels of government for them to do the job. I think one of President Reagan's accomplishments was the reversal of what previously seemed an inexorable trend to centralization of government. Now we see a devolution of functions back to the state level.

Incidentally, I don't think that the voucher program is a panacea. It is very important for a democracy to have strong public education. I would be willing to try a voucher system. I would want to see it tried some place before it is tried nationally. Given our habits, we would also have to be careful not to move from a voucher giving parents a choice among existing schools, to the notion that every child has the right to choose kinds of schools that don't exist in his community.

P.R.: What should be the three most important domestic policy priorities for the next administration?

Kirkpatrick: I would put education as the first domestic priority, though this is more a state and local than a federal responsibility. Much of the literature on American decline, I believe, relates to problems that could be solved through better education. The high schools and junior high schools are the weakest links, and there I would like to see much greater emphasis on real basics, not only reading and writing, but history, geography, foreign languages, math, basic sciences. Probably the most important role for the federal government here is in setting standards, and I am happy that Bill Bennett has already been moving in this direction.

The problem of latchkey children is also a very important priority. It is really shocking how badly so many young children in our country are taken care of. I feel real passion about this. You know, my family and I have lived in France, and we've traveled around Europe, and we discovered that after-school care is available for school-age children. There are supervised homework sessions and playgrounds. We never did this with our children, I hasten to say, but a lot of people would drop their children off at 8:00 in the morning and pick them up at 6:00. We badly need facilities like this in the United States, though again this is not necessarily a federal priority; I'd rather see it down at the local level. We need to recognize that we have a very large public interest in latchkey children and neglected children, because they will grow up to be bad, as well as sad, citizens.

Second, I would like to see the federal government get its fiscal affairs in order. The problem of the budget deficit is really quite pressing, and I would support some kind of a balanced budget amendment. If we had a balanced budget amendment, I think that most of the other fiscal problems would take care of themselves. I almost always oppose constitutional amendments as a mechanism for solving policy problems, but I think we have demonstrated an incapacity to handle this problem in any other way. Moreover, from my work as a professor of comparative government, I know that some other countries, for instance the Fifth Republic of France, have used equivalents of the balanced budget amendment to solve just the kind of chronic fiscal irresponsibility that we are afflicted with. If it works for them, it can work for us.

Third, I would like to see much greater mobilization against drugs and drug trafficking.

P.R.: What have been the most important domestic policy achievements of the Reagan administration?

Kirkpatrick: I think that the greatest achievement, domestically as well as internationally, is the restoration of confidence in the idea of individual freedom and in the efficacy of reliance on personal motivation for economic and social action. That is of capital importance.

The whole deregulation thrust is very important. We have stopped the growth of excessive and counterproductive regulation, which had been accumulating very rapidly. We have even turned some of it around. It is terribly important, by the way, for deregulation to continue, espe-

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cially in the health area, where I think we are too slow to approve new drugs.

Other economic achievements include bringing down inflation, diminishing unemployment, lowering taxes. These are major accomplishments that, together with deregulation, have increased our growth and produced a more vigorous economy in which everybody benefits.

P.R.: Are you concerned about the American trade deficit, and what if anything can and should the government do about it?

Kirkpatrick: Yes, I am concerned about it. I think the government can and should do a lot about it. I think most of the discussion about protectionism and free trade is almost totally irrelevant to the contemporary reality of nontariff barriers to market access. I don't think it makes any sense at all to talk about one-way free trade in which we provide access to our markets and don't get access to others'. Nor does it make any sense to blame American productivity when we aren't even allowed to compete.

Recently I read that exports to Japan last year from the European Community had increased three times as rapidly as those from the U.S. and it was suggested that this proved that Europe was increasing its productivity more rapidly than we were. But of course that isn't true; the reverse is true. The reason for rising exports from the European Community is that the EC used its market clout in negotiations with Japan. It was willing to deny Japan access to the entire EC market in order to bargain for greater European access to Japan. In a world of large and growing preferential trading areas that penalize nonmembers, it is very important for the American government to bargain for access.

I don't think that it is sensible to talk about free trade except in terms of reciprocity; and just as I don't mean quotas in civil rights, I mean reciprocity in access, not reciprocity in outcome. What I would ask for American businesses is a chance to compete in markets where they are excluded. This is not something that businesses can do for themselves. It is something that government *must* do for them, and only government can do.

P.R.: Your friend Hubert Humphrey was a strong proponent of full employment laws. Can and should the federal government provide for full employment, and if so, how?

Kirkpatrick: I don't think government can, and by the way, I never supported Humphrey on this. I thought the Humphrey-Hawkins plan was ill-conceived and wouldn't work and would create a lot of unintended problems. Full employment, of course, is a desirable goal. I am very prowork, and think it is good for everybody to have a job. Work is one of the principal sources of meaning and satisfaction and gratification in life. But I think that employment is best provided through a vigorous economy.

P.R.: You have supported progressive taxation in the past. Do you still do so, in the light of experience with the reduction and flattening of marginal tax rates in recent years?

Chas. Geer

Kirkpatrick: You know, this is probably the area where my views have changed the most. I've always had the ideas I've described about the role of government in dealing with social issues, and I hope I always will. But I would say that the single most important change in my views in the last decade has been a much greater appreciation of market economics. I have learned some things about economic questions that I did not know.

One of the ways that I learned about economic questions was by representing the United States and the Reagan administration in the United Nations in places like the Economic and Social Council. It was necessary for me to look at the record of, for example, strategies of development. And I learned—in a way I really didn't know—how much more successful market strategies are than any sort of statist strategies. I knew before that statist strategies didn't work, but I didn't know there was something else that worked. I suppose, as well, that I was influenced by

The single most important change in my views in the last decade has been a much greater appreciation of market economics.

the experience of the Reagan administration, which demonstrates that even incremental enhancement of reliance on the market stimulates the economy and helps achieve goals like lower unemployment far more effectively than any kind of state action. The evidence now available persuasively demonstrates that socialism, and centralized state planning, have simply failed to achieve their desired economic ends. And just as fairly, the record indicates that where freedom and market strategies are relied on, economies grow, employment grows, and inflation declines.

There are a lot of ramifications to my new appreciation of market economics. One is that I no longer think that

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taxes help much in economic growth. I now understand that the best way to achieve those public goals that I support is not necessarily by raising taxes. The best way may be by having a more dynamic economy, in which raising taxes is counterproductive. I still believe in progressive taxation at the extremes; it is entirely appropriate for people who are very well off to pay more taxes than people who are very poor. Within that general position, however, I have moved much further in the direction of lower taxes and flatter taxes.

P.R.: In your book *Political Woman* you suggested the need for government action to overcome sexual discrimination. Do you think that the appropriate actions have been taken? What else should government do? Do you favor comparable worth legislation? Do you favor government support of child-care for working mothers?

The idea of comparable worth is so completely unworkable that I cannot imagine how serious people support it.

Kirkpatrick: I don't think that I suggested the need for government action to overcome sexual discrimination. One thing I suggested government could do was to employ women in visible positions, and I still think this is useful: young women could benefit by having more professional role models. I favor equal pay for equal work. I oppose quotas of any form. The idea of comparable worth is so totally and completely unworkable that I cannot imagine how serious people support it. The logic of comparable worth is compatible only with tyranny, because the only way the principle could possibly be used would be for some philosopher-king to decide how much each particular job is worth.

Do I support government support for child-care for working mothers? Sure. It is necessary to take care of young children. We have a shared public concern for adequate care for children. If that requires some government support in some cases, then it's appropriate for government to help.

P.R.: Can government do much about the breakdown of families?

Kirkpatrick: Only indirectly. We have to take care not to legislate welfare programs that reward the breakdown of families, but I don't see much evidence that family allowances or other government measures can really reinforce families.

I am bitterly opposed to the saturation of society by pornography, which has had all kinds of negative effects. Pornography perverts souls, especially of children, and it disseminates really sick values and crazy expectations about sex and love and marriage and families. I support tough government action against gross pornography. I don't know whether it would help stop the breakdown of families, but it might.

P.R.: You told John Lofton of the *Washington Times* that "abortion is always tragic, always to be avoided, but it is not invariably the worst possible evil in every situation." Given this belief, what kind of abortion laws should our country have, and how should a democratic society arrive at such laws?

Kirkpatrick: I oppose abortion except in extreme cases such as incest, rape, and severe congenital disability, which I believe is the conventional Protestant position. I would not say that abortion should never be allowed, or even that public funding of abortion should never be allowed. I believe we were far better off before *Roe* v. *Wade*. This kind of issue, like school prayer, is best decided, within limits, by legislators at the local level. I remember Martin Diamond used to say that one of the secrets of stability in our constitutional order was that many of the deepest moral controversies were removed from national politics and left to be settled in communities of shared values. Were local governments again to be allowed to make abortion laws, I cannot believe that American communities would support the kind of casual abortion and abortion mills that are now permissible.

P.R.: How did service in government influence your thinking about government's role in society? Did any particular experience lead you to rethink important arguments you made in your academic writings?

Kirkpatrick: My service in government left me a sadder and wiser woman. I learned a lot about bureaucracy and some of its deformations, particularly the tendency of bureaucratic decision-making to reflect the least-risk position, which may have no relationship to the solution of the problem at hand. In bureaucracies, people try to protect themselves, not to take risks. There is also an escape from responsibility. So one of the most important lessons I learned was the need to vest responsibility in particular people.

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Rinse the cloth or sponge or change it frequently to avoid scratching the finish with dirt or grit. If you use a commercial tar or bug remover, read the instructions carefully, then try it out on an inconspicuous area first.

If you use a commercial car wash, look for one that uses a soft scrub system. A few car wash systems employ harsh brushes, which may scratch the clear coat finish.

Base coat/clear coat paint need not be polished as often as a lacquer or enamel to remove the grime and effects of weathering. When you do polish it (once or twice a year), use a mild cleaning wax, not an abrasive. Polish gently, by hand.

Avoid mechanical polishing or sanding of the surface.

Don't use a scrub brush on the paint or on the wheels, if they're aluminum mag wheels with clear coat paint on them.

You can help maintain the finish on your car by parking and driving wisely. Try not to park under trees, where bird droppings or sap, which contain compounds that can injure the finish, may fall onto your car. Try to park upwind from industrial areas. If you get cement dust or fly ash on your car from any fire or smokestack, rinse it off immediately.

When you drive, go easy on the gas pedal to keep stones from flying up and chipping the paint during quick starts. When traveling on dirt or gravel roads, put some extra distance between you and the car ahead to avoid running into stones thrown into the air by that car's tires.

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The Toshiba-Kongsberg Export Violations

William C. Triplett, II

During the early 1980s, at the instigation and under the guidance of the KGB, businessmen from Japan and Norway illegally exported to the Soviet Union computer-controlled industrial robots that have enabled the Soviets to mass-produce quieter submarine propellers. As a result of these sales, Soviet submarines are now able to elude American detection much more easily, posing a serious threat to Western control of the sea-lanes to Europe and the north Pacific. The Department of Defense has estimated that to reestablish our former capability in tracking Soviet submarines will cost American taxpayers a minimum of $8 billion over the next 10 years.

Recent information, the significance of which is still in dispute within the U.S. government, suggests that the sale of submarine propeller-making equipment to the Soviets may be just the tip of the iceberg. Senator Jake Garn has alleged that the Japanese machine tools and their Norwegian numerical controllers have increased the speed of Soviet aircraft carriers. The Japanese businessman who alerted authorities to the illegal sale has suggested that the machine tools have probably made a critical contribution to secret Soviet naval propulsion research. Norwegian officials have told me that a police investigation of the Norwegian perpetrator alleges 142 major export control violations with firms from Japan, France, Germany, and Italy; and a senior administration official has said he believes these violations may include assistance to Soviet nuclear weapons production. According to press reports, a senior CIA analyst told a House subcommittee that the Japanese perpetrator's parent company may also have illegally sold vitally sensitive microelectronics equipment to the East Bloc, which some speculate would enable Soviet battlefield communications systems to operate during a nuclear war.

Putting all the pieces together suggests that Western businessmen may have made a difference in the entire Soviet nuclear warfare cycle—weapons production; delivery; battlefield command, control, and communications. The magnitude of the damages incurred by these technology transfers raises serious questions about how much Japan, Norway, and other European countries should compensate the United States for their failure to enforce their own export control laws.

The technology transfers also raise an even more fundamental question about whether it is possible to control the export of vital technology in the midst of regular East-West trade ties. The Japanese and Norwegians received approximately $17 million for their service and equipment. Total Soviet imports from developed countries in 1985 equaled $23 billion or less than 2 percent of the developed countries' $1.3 trillion worth of worldwide exports in 1985.

Conspiracy of Silence

On April 24, 1981, in the Moscow office of Japan's largest trading firm, C. Itoh, Japanese businessmen signed a contract with the Soviet Technological Machinery Corporation. The contract was signed by C. Itoh's Moscow branch manager and the Soviet corporation's senior vice president. Also present were Igor Oshipov and Anatole Troitsky, both identified as KGB officers in John Barron's book *KGB*. Troitsky had been expelled from Britain in 1971. KGB officer Vyacheslav Sedov could not attend the ceremony as he had recently been promoted to head the Soviet high technology acquisition office in East Berlin. Sedov had made the initial contacts with the Japanese. His KGB colleagues were the guiding hand throughout the contract negotiations and subsequent illegal deliveries.

What the Western businessmen did was to sell eight giant computer-operated milling machines to the Soviet Union. Four of the machines provided by Toshiba Corporation's machine tool subsidiary, Toshiba Machine, were state-of-the-art nine-axis machines and four were five-axis machines. Kongsberg Vaapenfabrikk, a wholly owned subsidiary of the Norwegian Ministry of Industries, provided the numerical controllers to operate the nine-axis machines. Toshiba Machine provided its own numerical controllers to run the smaller machines.

The machines themselves are industrial robots. Weighing over 250 metric tons each, they stand three stories tall and grind metal in each direction of axis. A nine-axis machine can grind in nine different directions to make very

William C. Triplett, II, *is a member of the Senate Foreign Relations Committee minority staff. The views in this article are his own.*

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complex shapes such as turbine blades and naval propellers.

One special advantage of a multi-axis machine is its ability to grind on both sides of a piece of metal at the same time. The pressure of grinding deforms metal that is ground on only one side. Simultaneously grinding both sides allows metal objects to be ground thinner without deformation. The machines combine the complexity of the human hand with the computer's ability to repeat the operation over and over.

C. Itoh's role was to take charge of the procedures for the export and shipment of the machines. Under Japanese law no numerically controlled machine tool with more than two simultaneous axes of motion may be shipped to the Soviet Union. Any machine tool exported to the Soviet Union must have an export license. Export licenses and inspections are under the control of the Japanese Ministry of International Trade and Industry (MITI). The export license applications filed by C. Itoh were for two-axis machines to be delivered to a power plant in Leningrad. In fact, the machines shipped were highly sophisticated nine-axis and five-axis machines. Their actual destination was a Soviet munitions plant, the Baltic Naval Shipyard in Leningrad, where they are being used to grind Soviet naval propellers.

The assigned role of the Japanese specialist trading firm Wako Koeki was to take charge of liaison and interpreting work with the Soviet side. Wako Koeki, according to its Moscow manager at the time of the deal, had collaborated with the KGB in the past and it was the initial point of contact by the KGB on this case.

The Soviets paid Toshiba Machine, Wako Koeki, C. Itoh, and Kongsberg on the order of $17 million for the nine-axis machines. This is substantially more than what a legal deal would have received in the soft international machine tool market then prevailing.

Toshiba Machine has a history of questionable dealings with the Soviets predating the 1981 sale. Japanese engineers who installed nine-axis and five-axis machines in the propeller shop at the Baltic Naval Shipyard in 1983-84 put them in the same room with three other five-axis machines sold by Toshiba Machine in 1974. Toshiba Machine claims that these machines, though of admitted five-axis capability, were wired for only two axes. Pentagon officials have told the press, however, that they believe that these modifications were only temporary and easily reversible once the equipment was on Soviet soil.

It was then and is now a crime in their home countries for Japanese and Norwegian businessmen to participate knowingly in a scheme to export numerically controlled machine tools with more than two axes to the Soviet Union.

Under the North Atlantic

In the January 1987 issue of the *Institute of Naval Proceedings* the Chief of Naval Operations declared that antisubmarine warfare (ASW) is the Number 1 mission of the United States Navy. Tom Clancy's *Hunt for Red October* provides an excellent description of just what ASW is like in the North Atlantic. Undersea cables stretch from the mainland of North America to Greenland, Greenland to Iceland, and Iceland to the United Kingdom. Backing up this system are sonar buoys, search aircraft, and attack (hunter-killer) submarines. The object of this immense undertaking is to listen for Soviet submarines.

Until the 1970s, Soviet naval strategists did not seem to make quietness a high priority for submarine design. They preferred to rely on speed and the ability to dive deeper than the Allied submarines tracking them. As a result, they were constantly losing the cat-and-mouse game with Allied ASW specialists.

According to press reports, some American officials believe that Toshiba Corporation illegally exported COCOM-controlled microelectronics assembly lines to the East Bloc in 1979 and 1986.

Sometime in this period the Walker family spy ring informed the Soviets of how we were tracking them—propeller noise. By the time of the 1981 Toshiba sale, the Soviets had expended the effort to reduce the other sources of noise in their submarines. Propeller sounds were approximately 90 percent of the submarine noise we were picking up.

Modern submarine propellers are as complex as the turbine blades of jet engines. Usually an odd number of blades, seven or so, are mounted on each shaft. Each blade must be perfectly identical to the others on the shaft. If the submarine is a twin shaft machine, then each set must match perfectly. The blades are set at an angle to the shaft and twisted into very complex shapes.

In order to meet the required sound reduction goal manufacturing tolerances must be less than 0.01 mm. Propeller blades can be shaped by hand but the rejection rate is over 50 percent and the rate of production is low. On a propeller that measures more than 35 feet across, automated equipment makes a critical difference.

Although the Soviets have a sufficient science and technology base to make impressive advances in space research and other enterprises that depend heavily on hand-crafted, one-of-a-kind experimental equipment, Soviet manufactured goods have a deserved reputation for low quality. Indeed, the manufacturing side is generally the choke point for Soviet weapons production. Western engineers who have serviced equipment in the Baltic Naval Shipyard also found Soviet machine tools in place to grind propellers but they were idled by a lack of spare parts and by technical incompetence. In 1981, the Soviet economy simply could not produce a state-of-the-art multi-axis computer-controlled industrial robot capable of reaching a 0.01 mm tolerance level. But Toshiba Machine and Kongsberg could.

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The results of the Toshiba equipment's effects on Soviet submarine quieting are quite impressive. According to the June 27, 1987, issue of the *Economist* of London, before the Toshiba Machine sale, we could hear Soviet submarines 200 miles away; after the sale it was down to 10 miles.

A Faster *Brezhnev*?

"Where are the aircraft carriers?" According to former Secretary of State Henry Kissinger, that was his first thought in times of crisis. For power projection, large, fast aircraft carriers are hard to beat.

"Fast" is the key word. Carrier battle groups depend upon speed to get their aircraft within range of the target and to be quickly out of harm's way themselves. Extracting that extra knot of speed out of a 65,000-ton ship the size of three football fields matters.

Before the Toshiba Machine sale, we could hear Soviet submarines 200 miles away; after the sale it was down to 10 miles.

The Soviets currently have deployed four light aircraft carriers of about 37,000 tons, called the *Kiev* class. While certainly formidable vessels, their fixed-wing aircraft are limited to the FORGER. What the FORGER gains in its short takeoff and landing capabilities it loses in speed, range, and other operational capabilities. To match the American F-14 Tomcat, they would have to go upscale.

The Soviets are completing the first of a fleet of nuclear-powered attack aircraft carriers. At 65,000 metric tons displacement (about equal to the USS *Forrestal),* the *Brezhnev,* first named the *Kremlin* but renamed the *Leonid Brezhnev* after his death, and its three sister ships would be a major threat to Allied control of the sea-lanes in time of conflict. We anticipate that the Soviets will follow the Western practice of creating battle groups centered on large aircraft carriers like the *Brezhnev* and including *Kirov*-class nuclear guided-missile cruisers. The *Brezhnev* is afloat and fitting out. The keel of a second ship has been spotted and all four should be at sea in the late '90s.

Soviet planners face the same problems with the *Brezhnev* that they must confront with submarines: how to mass-produce modern-design propellers? The Toshiba machines at the Baltic Naval Shipyard provide the answer. American officials have told the press that the four nine-axis machines and the four five-axis machines are grinding submarine propellers, but the nine-axis machines have the added capability of grinding large propellers—up to 11 meters (35 feet) in diameter. Senator Jake Garn has said on the Senate floor that this propeller equipment has helped increase the speed of Soviet aircraft carriers.

A Japanese Hero

The Toshiba-Kongsberg affair began to break in December, 1985, when the Moscow manager of Wako Koeki at the time of the deal, Hitori Kumagai, posted a letter to the chairman of the Coordinating Committee for Export Controls (COCOM) in Paris. Kumagai named names and dates, identified equipment by model number and destination, and described the intended Soviet use. He signed the letter, included his address and even his telephone number. His letter included copies of all the secret contracts and an inch-thick technical attachment of engineering drawings.

COCOM turned the letter over to the Japanese Ministry of International Trade and Industry (MITI). In April, 1986, a MITI director-general informed COCOM that Kumagai's accusations were without foundation. Kumagai reports that at that time he was not interviewed nor even contacted by the Japanese government.

That is not the way the system is supposed to work. COCOM is composed of 16 countries—NATO minus Iceland, but plus Japan. Member countries meet to discuss technology limitations on exports to Communist countries. In theory, each nation should be policing its own exports based on the agreed limitations.

In practice, it's a mixed bag. Some countries such as the United States, the United Kingdom, and Canada have fairly tight export-control regimes. Others are there in name only. Until the fallout of the Toshiba Machine case, MITI had only 20 bureaucrats to handle more than 200,000 export license applications per year. Under such a caseload the MITI bureaucrats could not devote their full consideration to each application. They had to rely on the reputation of the applicant. Norway was no better than Japan.

National legislation in COCOM countries is also a mixed bag. Since 1981, the United States has treated illegal technology transfers with severity. Other COCOM countries are quite lenient. German and Italian export control officials have informed me that no one has ever been jailed in those countries for illegal technology transfers. Japan does not even have an anti-espionage law, a situation North Korean terrorist rings have used to advantage. A major obstacle to prosecution has been the short statutes of limitations—two years in Norway and three in Japan at the time of this case.

Weinberger's Personal Appeal

In actual practice, the COCOM system depends heavily upon the United States for enforcement of export-control violations, both in member countries and in the high-tech neutrals such as Switzerland, Austria, and Sweden. The American intelligence community, Department of Defense, Department of State, Department of Commerce, and the Customs Service share the duties. If the enforcement officials of any member country or major neutral ever broke a significant case of high-tech diversion to the Soviet Union or the East Bloc without United States assistance, such a case has not come to light. They don't have the resources and in some cases their hearts are not in the fight.

In a typical case, the United States will approach the country from which the violation originates or transits and bring the violation to its attention. In theory, enforcement officials of the country notified should spring into action. All too often, however, the American approach triggers the

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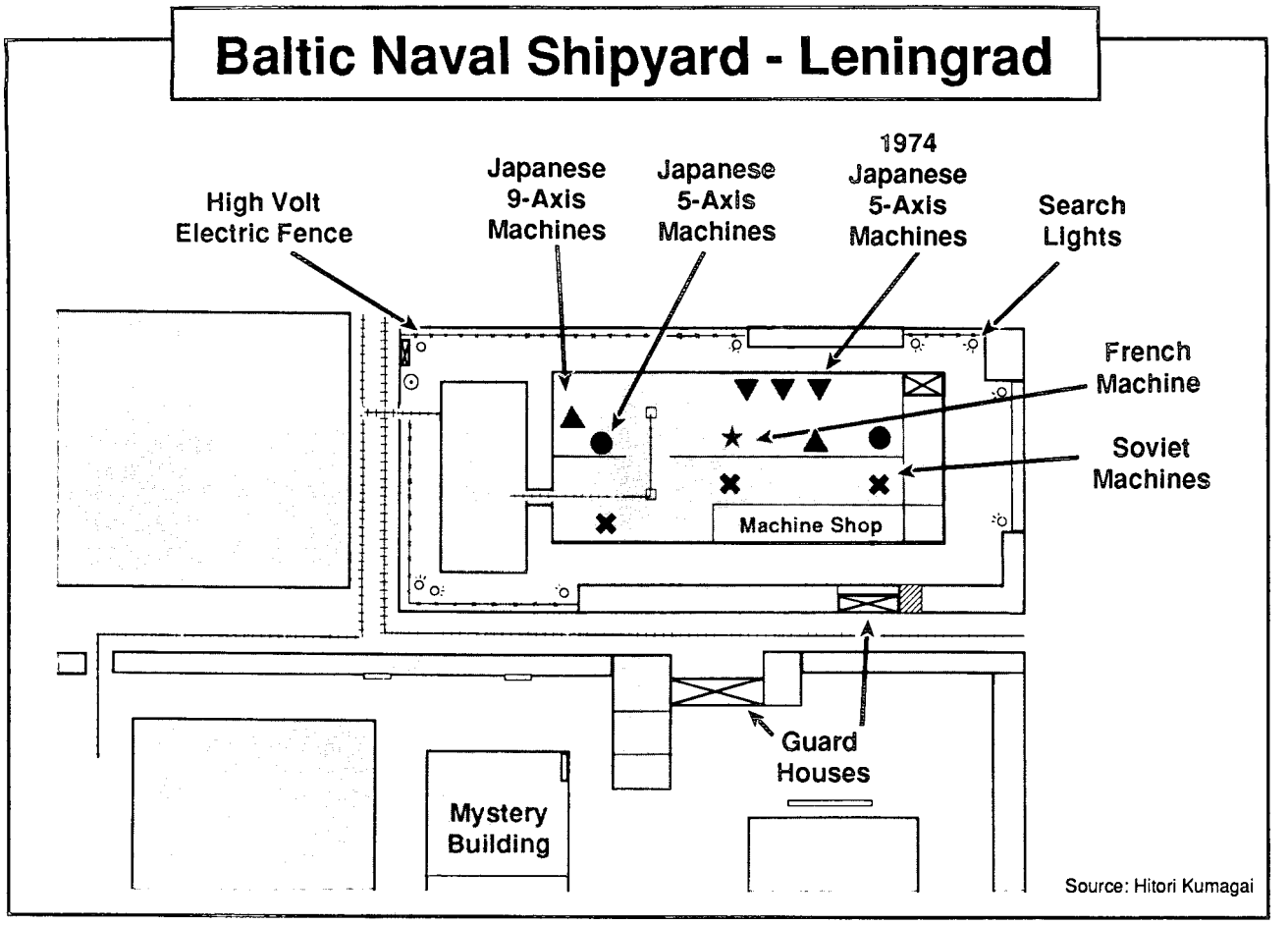

According to Hitori Kumagai, almost every machine in the Baltic Naval Shipyard propeller shop is Western-made.

normal human protectiveness of foreign officials. Compounding the problem is the reluctance of American officials to provide all the information available for fear of jeopardizing sources and methods of intelligence collection.

Sometime in 1986, U.S. enforcement officials and Kumagai crossed paths. In June of that year, the United States broached the issue in Tokyo. Again MITI issued an immediate denial. In December, 1986, Undersecretary of Defense Fred Ikle and Deputy Undersecretary of Defense Stephen Bryen held stormy sessions in Tokyo with Japanese MITI and Foreign Ministry officials only to be met with more denials. In March, 1987, Undersecretary of State Edward Derwinski demarched Japanese embassy officials on the Toshiba Machine case only to receive yet another denial. In the meantime, Norwegian officials had been informed of the Kongsberg connection but they were having momentary confusion about its significance.

In April, 1987, Secretary of Defense Caspar Weinberger sent a personal appeal to his Japanese counterpart, which was timed to arrive the weekend before Prime Minister Yasuhiro Nakasone left for Washington on a state visit. (A similar letter was sent to Norway.) John Peterson of the *Detroit News* wrote the first extensive news article on the Toshiba/Kongsberg story on April 28. Every major Japanese daily picked up the *Detroit News* story on April 29; and before dawn on April 30, Japanese police had raided Toshiba Machine, C. Itoh, and Wako Koeki in 14 locations across Japan.

It is hard to name an issue in recent years that has provoked such an immediate, visceral reaction on Capitol Hill as the Toshiba/Kongsberg affair. Members who wouldn't ordinarily agree on lunch have banded together to denounce Toshiba and Kongsberg. The chairman of the Senate Committee with responsibility for export controls, Senator William Proxmire, told a House-Senate conference on October 3, 1987, that in 30 years of Senate service he had never seen his colleagues so united. By a vote of 415 to 1, the House passed an amendment sponsored by Representative Duncan Hunter that instructed the Secretary of State to begin discussions with Japan and Norway over compensation for the loss to national security. An amendment sponsored by Representative Charles Wilson excluded Toshiba and Kongsberg from contracting with the federal government for most of Fiscal Year 1988. Toshiba alone has probably lost $200 million dollars in potential government contracts for lap-top computers and consumer goods sales to U.S. military post exchanges worldwide.

Pending in early 1988 were the Proxmire-Garn-Helms-Heinz amendments to the trade bill H.R. 3. The amendments passed on June 30, 1987, as floor amendments in the Senate by a vote of 92 to 5. At least three of the five senators voting "no" indicated they voted against them because they were not strong enough. Proxmire-Garn-Helms-Heinz would ban Toshiba and Kongsberg from exporting to the United States or contracting with the U.S. government for two to five years. They would apply the same penalty to foreign firms that violated COCOM regulations in the future. Finally, the amendments would allow

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the Department of Justice to seek indemnification for American taxpayers due to losses to national security caused by export control violations. Some financial writers estimated that if Proxmire-Garn-Helms-Heinz should become law as passed by the Senate, it would cost Toshiba billions of dollars in lost revenues and it might bankrupt Kongsberg.

Japan's Response

On July 1, 1987, the morning following Senate passage of the Proxmire-Garn-Helms-Heinz legislation, Toshiba Corporation Chairman Shoichi Saba and President Sugiichiro Watari resigned, taking responsibility for their errant subsidiary. The new Toshiba President Joichi Aoi hired Price Waterhouse to find out what had happened and what could be done to ensure that nothing similar ever happens at Toshiba again. Toshiba apologized to the American people in full-page advertisements in 60 U.S. newspapers.

The *Washington Post* reported allegations by a senior American official that Western milling machines may have ended up in a Soviet nuclear weapons plant.

The Japanese government also began for the first time to take the technology transfer scandal seriously. As far back as his April visit to Washington, Prime Minister Nakasone had told Senator Jesse Helms that the Toshiba problem was "serious" and he intended to clean it up. On July 18, the Prime Minister told the Diet that Toshiba Machine had perpetrated "a crime of betrayal against the Japanese people."

Under the able leadership of Japanese Dietman Motoo Shiina, the Liberal Democratic Party established a committee to make changes in Japan's export control law. For the first time, "national security" was given as a reason for export denial. The statute of limitations was increased from three to five years. Punishments were made more severe and "attempts" to violate the law were made a crime. Two minor executives from Toshiba Machine were arrested and the company itself was indicted. Toshiba Machine has been forbidden to export to Communist countries for a year. C. Itoh received administrative punishment for three months and Wako Koeki got a reprimand, though MITI's 18 months of denials allowed a number of potential defendants to escape via the three-year statute of limitations.

The Japanese also pledged to assign 100 people to export control licensing and enforcement, up from 20. By contrast, the United States assigns approximately 800 people to the same task, and U.S. trade with the East Bloc and the Soviets in manufactured goods is far smaller.

Toshiba 2, 3, and 4

A heated controversy has arisen over allegations that Toshiba Machine's parent, Toshiba Corporation, has a history of export-control violations of its own in the microelectronics field. According to the Kyodo News Service of November 12, 1987, as well as the *Washington Times* of March 4, 9, 10, and 11, 1988, some American officials believe that Toshiba Corporation illegally exported COCOM-controlled microelectronics assembly lines to the East Bloc in 1979 (Toshiba 2) and 1986 (Toshiba 3). In addition, Kyodo News Service and the *Washington Times* report that these United States officials believe that Toshiba Corporation was forced to abort a possibly illegal sale of microelectronics equipment when the United States advised Japanese authorities of Toshiba Corporation's negotiations with Communist officials in August, 1987 (Toshiba 4). These allegations would be in addition to the admitted illegal sale of the eight machine tools (Toshiba 1) by Toshiba Machine.

Spokesmen for the Toshiba Corporation have repeatedly denied the Toshiba 2, 3, and 4 charges and the U. S. Department of Defense has also questioned the basis for the allegations. Representative Duncan Hunter, however, reports that in congressional testimony, a senior American intelligence official "presented conclusive evidence that Toshiba [Corp.] has been illegally delivering microelectronics capability to the East Bloc." "He [the American intelligence official] came up here and put it right on the line," said Representative Samuel Stratton, Chairman of the House Armed Services Procurement Subcommittee.

Toshiba is one of the world's leading producers of CMOS microelectronics technology, which is critical for radiation hardening. Without such radiation hardening, the electromagnetic pulse set off by nuclear weapons exploding in the atmosphere would disable solid state-based communications. If Toshiba 3 were a complete assembly line to produce CMOS semiconductors, it would be a major setback for the Western Alliance on par with Toshiba 1 (submarine and aircraft carrier propellers).

Selling the Nuclear Rope?

The Norwegians appear to have been genuinely stunned by the Kongsberg case. Whipped on by an outraged Norwegian press, the government responded with a grim determination to get to the bottom of the mess. Three Kongsberg officials have been indicted and await trial. Kongsberg has been reduced to its defense production base and has been forbidden to trade with the Soviet Bloc. The Norwegian police and the state prosecutors were directed by political officials to turn Kongsberg inside out. The police found ten shelf-meters of documents at Kongsberg that had miraculously survived.

Out of these documents seized on October 14, 1987, came the Norwegian police report accusing Japanese, French, German, and Italian firms of conspiring with Kongsberg to sell illegally COCOM-prohibited numerically controlled machine tools to a wide range of locations in the Soviet Union and Czechoslovakia. Norwegian officials have told me that they believe there were 142 major violations over an eight-year period. As of early 1988, investigations were continuing against Forest Liné of

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France; Schiess, Dorries, and Donauwerke, all of West Germany; and state-owned Innocenti of Italy.

Kongsberg engineers, who traveled all over the Soviet Union to install the numerical controllers, have reported what they know to police authorities. The vast majority of this information is highly classified. However, on October 22, 1987, the *Washington Post* reported allegations by a senior American official that the German company, Schiess, sold the Soviets milling machines that may have ended up in a Soviet nuclear weapons plant. The other known Soviet destination was the Baltic Naval Shipyard. The other 137 East Bloc end-users have not yet been publicly identified.

The Baltic Naval Shipyard

The Baltic Naval Shipyard's propeller shop is surrounded by a high-voltage electric fence. Powerful searchlights are located strategically. The guard controls a dead man's gate: If the guard is killed by an intruder, the gate is automatically raised, blocking entrance.

Because Leningrad was constructed on a swamp, it was very difficult for the Japanese and Norwegian engineers to install the enormously heavy machines. But they got the job done. They were helped by the fact that they only had to install half the machines they sold. Two nine-axis machines and two five-axis machines were installed next to the older Toshiba machines and one French machine. The Japanese engineers installed the machines under the watchful eyes of Soviet engineers who took copious notes.

For some time Western analysts puzzled over the location of the other two nine-axis machines and the two five-axis machines. Recent information strongly suggests that these other four machines were installed by very tired Soviet engineers working at night from the notes they took during the day. Across the street from the propeller shop is a mystery building, which is similarly protected by electric fencing. The other four machines are probably there.

What are the Soviets doing in the mystery building? They never hid from Western engineers that the equipment they were installing in the propeller shop was for military use.

In September, 1987, Hitori Kumagai wrote in the Japanese monthly *Bungei Shunju* that the Soviets may be using the mystery building to push a new breakthrough propulsion system for Soviet submarines. This may be the "tunnel drive" about which Tom Clancy speculated in *Red October*. We already know, from the caterpillar tracks that have been found in the sea bottom off a major Swedish naval base, that the Soviets are experimenting with radically new submarine propulsion systems. The Swedish naval base is within easy reach of Soviet submarines stationed next to the Baltic Naval Shipyard.

Who's Going to Pay for This Mess?

The Western Alliance has been grievously injured by Toshiba and Kongsberg. To regain our technological lead in antisubmarine warfare, assuming it is not lost forever, will be expensive. There are no credible estimates of less than multiple billions of dollars for antisubmarine warfare alone. On July 29, 1987, the *New York Times* reported, "A classified Defense Department study estimates that developing new technology to reestablish America's edge in tracking Soviet submarines will cost at least $8 billion over 10 years." If Allied scientists cannot upgrade the existing system of underwater detection devices—and the technology does not yet exist—it may require 60 additional nuclear attack submarines at $1 billion per copy to achieve the same antisubmarine capability we had before the Toshiba-Kongsberg crime.

Hitori Kumagai wrote that the Soviets may be using the mystery building to push a new breakthrough propulsion system for Soviet submarines.

Assuming that the other alleged major violations of Kongsberg, along with those of French, German, and Italian firms, are comparable to the Toshiba Machine betrayal, the bills for these illegal exports will be astronomical.

The question then, is quite simple, Who is going to pay? Will it be the companies that caused the damage? Or, as a practical matter, will it be the American taxpayer? The Senate answered that with the Helms amendment: Business firms that cause damage, in this case damage to the national security of the West, must pay to clean it up.

Meanwhile, enormous strategic damage has been inflicted on the Free World. The United States maintains neither the manpower nor the material overseas to defend Europe or Japan for any length of time. Both would have to be reinforced and resupplied from the United States. While some limited airlift capability is available, the bulk of reinforcements and resupplies would have to move to Japan and Europe by sea. Toshiba, Kongsberg, and related conspirators have given the Soviets the tools to make sea-lane interdiction a very real possibility.

Given the ease with which export controls in Western countries can be violated, it is worth asking whether trade with the East Bloc and Soviets makes a positive contribution to the West. Trade with the East is really quite small. According to unclassified CIA statistics, in no COCOM country is it above 1 percent of GNP. Given the shape of socialist economies, it is unlikely that they will have the money for any expanded purchases of Western goods. As we have seen in the Toshiba/Kongsberg affair, the costs to Free World taxpayers from just one bad deal can be enormous. The United States will now have to spend at least $8 billion to repair its antisubmarine defenses, as a result of a sale that netted Japanese and Norwegian companies approximately $17 million.

In an August, 1987, private interview in Tokyo, former Moscow manager for Wako Koeki, Hitori Kumagai, was asked where authorities should look for export control violations. He responded, "Any enterprise which comes to Moscow to deal with the Soviet Union."

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Economic Priorities for the Next President

Michael J. Boskin, James M. Buchanan, Thomas J. DiLorenzo, David I. Fand, Robert J. Mackay, Allan H. Meltzer, Richard Rahn, William E. Simon, Herbert Stein, Walter Wriston

Policy Review asked some of the nation's leading economists to list in order the three most important priorities in economic policy for the next president, as well as an economic issue currently receiving attention that should *not* be a priority for the next president.

Michael J. Boskin

Burnet C. and Mildred Finley Wohlford Professor of Economics at Stanford University. Author of Reagan and the Economy: The Successes, Failures, and Unfinished Agenda.

"Reduce the budget deficit substantially without throwing the economy into a recession."

The single most important economic priority for the next administration is to reduce the budget deficit substantially without throwing the economy into a recession. The budget deficit drains the available private saving pool, leaving only 2 percent of GNP to finance our net investment in recent years. The imbalance between national saving and investment requires us to import vast amounts of foreign capital. In the short run, foreign capital enables us to finance our investment without interest rates rising still further. In the long run, however, it leads to a growing external debt, and rising dividends, interest, and rents to foreigners. We will have to shift from using more than we produce to producing more than we use to pay the return on net foreign-owned assets in the United States. Were the foreign capital being used to increase our investment rate above recent or historical levels, there would be much less a cause for concern. But our net investment rate has not risen, and is still the lowest of any advanced industrial economy. While raising private saving, perhaps by removing tax disincentives, is desirable, the only way to make major inroads in the national saving-investment imbalance is to reduce the budget deficit. We ought to move toward a fiscal policy rule that runs surpluses on average over a span of time longer than typical economic fluctuations.

Target Spending Better

The second, and closely related, priority is to make government spending more cost conscious and target effective; in short, we need a more efficient government. This would be true even if the budget were balanced, but is more important in view of the deleterious effects of continued large budget deficits in prosperous peacetime. This will require resisting calls for major new spending initiatives; freezing or rolling back spending in other areas; and restructuring some of the big ticket items. For example, to afford the defense we need, we should substantially improve defense procurement. The Packard Commission recommendations form an initial blueprint. Further, we need to reduce welfare for the rich in entitlement programs. We need to consider whether some changes in these programs could provide more support (without adverse consequences) for those at the bottom, reduced support for those at the top, and some budgetary savings.

Don't Tax Saving

The third priority is related to the first two. If, in order to achieve enduring and (to borrow a word from arms control) verifiable spending reductions, some additional revenue must form a part of the package, it should come from raising user fees or taxes on consumption, not on saving. Taxes on saving would merely be a cosmetic transfer of the problem from government dissaving to lower private saving.

The next administration *should not* resort to substantial increases in tax rates, new spending programs, new rounds of stifling regulation, or a national industrial policy that

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would accelerate inflation, and most importantly, protectionism. In short, we should not resort to the policies and policy proposals of the 1970s when the U.S. economy was turning toward a European-style welfare state. That would cause our economy to lose much of its flexibility and vitality.

James M. Buchanan

Harris University Professor and general director of the Center for Study of Public Choice at George Mason University. Mr. Buchanan received the Nobel Prize for Economics in 1986. He is author of Economics: Between Predictive Science and Moral Philosophy.

"The tax structure must be insulated from politically motivated changes."

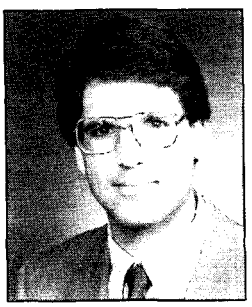
The important all-inclusive priority is to establish, both domestically and internationally, confidence in the stability of the institutions that define the framework of the United States economy. The vulnerability of economic expectations to shifts in the political winds must be reduced. To accomplish this, the incoming president should emphasize continuity and stability of policy by calling attention to the stability in the effective "constitution" of economic policy.

In particular he should: work toward a balanced budget under Gramm-Rudman-Hollings targets; bring the Federal Reserve more closely under forces that will generate greater predictability in the value of the dollar; and ensure that the basic competitive framework will not be subject to politicized interference. Perhaps more important, the tax structure must be insulated from electorally generated, politically motivated changes. The president should emphasize that the tax structure is, and must be, a part of the framework within which citizens can develop stable expectations. Finally, the president must act promptly to ensure that the relative openness of the United States market will not be a subject for politicized policy debates.

The all-inclusive initiative to be avoided is the obverse of the all-inclusive priority. The incoming president must assure both Americans and foreigners that economic policy will not be overly politicized; that shifts in policy direction will not be dependent on electoral results; that the basic institutions of the United States economy are, and will remain, stable.

To be avoided, at all costs, is a presidential policy stance that suggests the vulnerability of basic economic policy to accidents of congressional coalition formation.

Thomas J. DiLorenzo



Associate professor of economics, George Mason University. Mr. DiLorenzo will become the Scott L. Probasco Professor of Free Enterprise at the University of Tennessee at Chattanooga this summer.

"The ultimate objective is total repeal of the Clayton and Sherman antitrust acts."

The turnaround in antitrust policy during the past seven years is one of the stellar economic achievements of the Reagan administration. The first economic priority of the next administration should be to codify the "new learning" in antitrust by altering the antitrust laws.

Federal antitrust officials during the Reagan years have for the most part recognized that antitrust is routinely used by uncompetitive businesses to prevent their competitors from cutting prices, merging to become more efficient, or pursuing other forms of competition. A classic example is how Lee Iacocca in 1983 asked the FTC to prohibit a joint venture between GM and Toyota. Fortunately, the FTC permitted the operation, which resulted in an increase in U.S. automobile production; Iacocca protested but went ahead with his own joint venture. Because federal trust busters have at times been sympathetic to the specious claims of rent seekers like Iacocca, the antitrust laws have been a hindrance to competition.

Even though federal antitrust enforcement is no longer as favorable a route to monopoly as it once was, rent-seeking businessmen have shifted their efforts to state antitrust divisions and to the private antitrust bar, which still accounts for about 90 percent of all antitrust cases. Thus, a fundamental change in antitrust law is needed, with the ultimate objective being total repeal of the Clayton and Sherman acts. To those who still hold the romantic 1930s view that antitrust laws restrain the excesses of big business, I point to the past century's experiences with antitrust, which clearly contradict that view.

Revise Labor Laws

A second economic policy priority of the next administration should be to revise labor laws in a way that makes American industry more competitive and that provides more freedom and opportunity for American workers. Minimum wage and maximum hour legislation should be abolished, as should the Davis-Bacon Act, legal prohibitions of "homework," and occupational licensing restrictions. All of these strictures limit employment opportunities for certain (politically ineffective) groups of citizens.

Our 1930s Wagner Act system of labor relations is essentially a system of monopoly unionism, and should also

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be altered. Union shop agreements force workers to join a union, the agency shop compels them to pay dues even if they do not wish to become a union member, and exclusive representation designates a single union as a monopoly bargaining agent. Not surprisingly, since they are monopolists in the employee representation business, unions are slow to respond to the wishes of their "customers," *i.e.*, workers. To grasp the implications of this, imagine if an automobile company, for instance, were legally designated as the sole supplier of automobiles and could compel consumers to pay it money even if they did not want an automobile. One would not expect the automobile company to be very responsive to its customers. One consequence of this labor relations system is that unions often pursue objectives that may benefit the union but not the workers. For example, featherbedding, supracompetitive wages, and wage inflexibility may in the short run benefit the union by supplying it with increased dues. But such policies have placed American industry at a competitive disadvantage and have cost thousands of workers their jobs. Unions have been very slow to alter these policies because labor law gives them a monopolistic grip over their members. Scrapping union shop, agency shop, and exclusivity would make the employee representation business more competitive and permit American industry to adapt more quickly to economic change.

Privatize Social Security

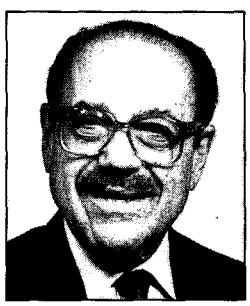
A third economic priority of the next administration should be to begin the privatization of Social Security: the Social Security tax is already 15 percent of every worker's wages and is rising; the system will likely be in a precarious financial position when the next recession hits; it does a poor job of providing both insurance and welfare; it is unfair in its distribution of benefits and burdens; and it is a major drag on the economy. What's needed is fundamental reform, along the lines suggested by Peter Ferrara.

Trade Deficit Hype

One economic issue currently receiving a great deal of attention that should *not* be a priority of the next administration is government intervention aimed at reducing the trade deficit. Public hysteria over the trade deficit, a mere accounting artifact, can lead to misguided and dangerous trade policies. The Commerce Department, for example, recently accused Japanese manufacturers of "unfair trade practices" because they cut their costs, profit margins, and prices in response to the rise in the value of the yen. The Commerce Department wants them to raise prices "in the public interest"!

The trade deficit hype is just the latest interventionist attempt to frighten the public into acquiescing in protectionism, tax increases, and some form of governmental planning, *i.e.*, an "industrial policy." Remember the other interventionist propaganda campaigns—the allegedly declining manufacturing sector, the disappearing middle class, the economy that produces only "dead-end" jobs? The next administration should keep in mind that we had a trade surplus throughout the 1970s, along with periods of stagflation. A trade deficit is not necessarily a sign of economic weakness, and is often a sign of economic strength. The interventionist "solution" for the imaginary problem of the trade deficit—higher taxes, protectionism, and governmental planning—may provide short-term benefits to a small handful of politically vocal interest groups, but would undoubtedly harm the economy.

David I. Fand



Professor of economics, Wayne State University.

"Our current policy is based on a *random walk* monetary standard."

The next president should confront the following three critical economic problems: a politicized monetary policy, out of control federal expenditures, and a large global debt.

First, the next president should stabilize monetary policy. Our current monetary policy is based on a *random walk* standard, where policy is determined from month to month. Because no one knows whether the primary objective of current policy is restraining inflation, stabilizing exchange rates, or reducing unemployment, it is difficult, if not impossible, to forecast the inflation rates for the next year, much less the price levels for the next five or ten years.

In addition, the random walk monetary standard, in conjunction with an anchorless fiat money regime, inevitably leads to monetary accommodation and a federal budget that is out of control. We need a credible monetary policy that is clearly understood and widely respected, one that can stabilize expectations. We need monetary certainty.

Second, the new president should control federal spending, which grew at an enormous rate even under President Reagan.

We now spend approximately $500 billion, more than 11 percent of the GNP, on entitlement payments. These payments have grown from 30 percent of federal spending in 1965 to 46 percent in 1987. We must gain control over this entitlement spending—otherwise we will never be able to deal rationally with the budget deficit.

Third, the new president should address a global debt problem that threatens the safety and stability of the American financial system. So long as we maintain relatively high employment and avoid a recession, the problem is not as acute. But even if we continue to maintain prosperity in the

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United States, we need to keep the debt problem from eroding the rest of the world economy.

The LDC countries need expanding markets for their exports, but the outlook is not promising. Sluggish growth in the developed countries combined with the associated increase in protectionism makes LDC export expansion difficult. The United States, with its large trade deficit, cannot absorb large increases in LDC exports as it could in 1983-1984. Japan and Europe are not willing to open their economies sufficiently to absorb more imports from the U.S. and the debtor countries.

The debtor countries need market-oriented reforms. But these essential structural reforms face formidable opposition. Some other means, such as debt equity swaps, must be found to help the highly indebted LDCs meet their money needs.

One issue that receives too much attention is the trade deficit. The next president should realize that a large trade deficit is not necessarily or inherently a sign of economic weakness; it may very well be a sign of strength. A country with an above average after-tax rate of return may attract capital and the flow of capital is, *pari passu*, associated with a trade deficit. This may have been the case with the United States. Investors throughout the entire world still find the U.S. an attractive market for their capital.

The trade deficit should not be the basis for the mercantilistic practices that are now being introduced "to solve the problem." These protectionist policies are being promoted by some industries that have priced themselves out of competitive markets and that now seek to conceal their self-serving policies with the scare themes of "deindustrialization" and the "declining middle class."

Robert J. Mackay

Professor of economics at Virginia Polytechnic Institute.

"The pressures for reregulation stem largely from the failure to take deregulation far enough."

The next president will likely take office in the midst of a recession. Money growth was barely 2 percent in 1987, compared with over 16 percent in 1986. October's sharp break in stock prices—a strong warning of future troubles for the economy—elicited only a temporary easing of monetary policy by the Federal Reserve. The Fed's policy of supporting the exchange rate of the dollar is the principle cause of these adverse developments.

The next president must insist that the Fed provide the stable and predictable growth in the money supply necessary for stable and sustained economic growth. As a first step, monetary policy must be eased to avoid the risk of a deep recession. Efforts to artificially support the dollar must be abandoned.

Constitutional Amendment

Second, the next president must control the reckless deficit spending that has come to characterize our fiscal and political system. As we now know from observing budgetary politics over the past three decades, effective control over the federal deficit and the level of government spending requires both constitutional and statutory reform. Passage of a balanced budget amendment to the Constitution should be a major priority of the next president. Only a constitutional amendment can control Congress' proclivity to spend for political advantage while burdening future generations with the resulting debt. To effectively control spending, the amendment should require a super-majority vote for Congress to raise taxes or run a deficit.

Congress should be required to transmit individual appropriation bills to the president instead of following the current practice of sending omnibus continuing resolutions. To improve executive scrutiny of government spending, the president should be granted a line-item veto joined with reduction authority. Finally, to enhance fiscal responsibility by linking program benefits and costs, legislative proposals to create new programs or expand existing ones should be required to be deficit neutral, specifying the revenue increase or spending reduction that would offset the new spending.

Third, the next president must revitalize the deregulation and regulatory reform movement. In industries such as transportation and areas such as antitrust, economic deregulation and regulatory reform have greatly benefited consumers. Much remains to be done, however. In areas such as health and the environment, deregulation is either largely unknown or has made remarkably small inroads. In securities markets and labor markets, new federal regulations are being actively promoted. And in transportation, reregulation is in the works.

The pressures for reregulation stem largely from the failure to take deregulation far enough, not from weaknesses in the steps already taken. The airlines are a case in point. Deregulation has prompted a great increase in the demand for air travel; because of incomplete deregulation the capacity of the system has failed to meet that demand. Airports and the air traffic control system, the basic infrastructure of the industry, remain regulated and, for the most part, owned and operated by the government. Market-like pricing arrangements would improve the use of existing capacity, while private ownership (of both airports and the air traffic control system) would bring forth the much needed expansion of capacity. The next president should move quickly to complete the deregulation of airlines and other important industries where the gains to consumers would be substantial.

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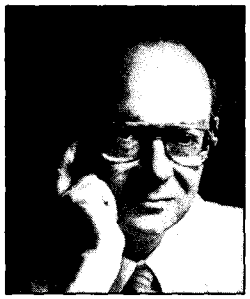
New Stock Market Regulations Unneeded

An issue receiving attention that should not be a priority for the next president is the stock and stock index futures markets. Following the sharp drop in stock prices in October, there have been numerous calls for additional federal regulation to fix our financial markets, especially for repairing the linkages between the stock market and the stock index futures and stock index options markets. These calls have come from many quarters, most notably from former Senator Nicholas Brady, chairman of the Presidential Task Force on Market Mechanisms, and John Phelan, chairman of the New York Stock Exchange. In the numerous lengthy and detailed studies of the events of October 13 to October 23 that have been delivered to congressional committees, there is little evidence that the market "broke" in October, or that the market requires a federal mechanic to fix it.

The stock price decline of October 19 was not a technical aberration caused by program trading related to stock index futures as many now claim. The fact that the stock market has not rebounded since October provides strong evidence that there has been a fundamental realignment of stock prices reflecting a broadly based change in investors' expectations. The adjustment was abrupt. Technical fixes of the type being proposed—from realignments of regulatory jurisdictions, to increasing margins on futures, to price limits and trading halts, to outright bans on program trading—could not have stopped the rapid realignment of prices in October nor will they prevent such adjustments in the future.

This is not to say that no changes are needed. The market must accommodate the greater trading volume now demanded and the growing demand to trade baskets of stocks whether directly in the cash market or through the futures market. The stock and futures exchanges, though, have substantial incentives, especially with a little nudge from the existing cast of regulators, to make those changes that are necessary. Major new federal regulations are not required.

Allan H. Meltzer



John M. Olin Professor of Political Economy and Public Policy at Carnegie Mellon University.

The main task for the next administration is to improve the performance of the U.S. and the world economy by reducing uncertainty and increasing efficiency. By adopting three policies the next administration should provide a framework for more stable, nonflationary growth of the world's market economies.

1) Stabilize domestic prices and exchange rates. Domestic prices can be stabilized by an adaptive, medium-term monetary policy that holds the rate of money growth equal to the difference between a three-year moving average rate of increase of real output and a similar average of the growth of monetary velocity.

Stability of exchange rates would be increased if other major countries—Germany, Japan, and perhaps Britain—adopt comparable medium-term policies for price stability. Germany and Japan followed medium-term monetary policies of this type in recent years, until they were induced to support the dollar.

2) Lower tariff and nontariff barriers, remove recent quotas and restrictions, and improve enforcement. Trade increases efficiency and raises standards of living by encouraging countries to shift resources toward more efficient, higher value uses. Debtor countries, including the United States, will have much less difficulty servicing past debts by exporting if world trade is expanding, so this policy helps to make the servicing of international debt more manageable.

Rules for trade adopted in the early postwar period under the General Agreement on Tariffs and Trade (GATT) have been undercut by protectionist actions, exclusions, and the absence of enforcement procedures. The challenge to the next administration is to expand the coverage and to improve the procedures for enforcing the new and old rules.

3) Shift resources from consumption to investment by shifting taxes from capital and saving toward consumption and by reducing the growth of government spending. We should not penalize growth and productivity by taxing capital and saving. We should slow the growth of transfers and government consumption by adopting a spending limitation amendment.

The problem that should *not* be given top priority is the so-called twin deficits. The efficiency with which we use resources and division of resources between consumption and investment and between government and the private sector are far more important than the budget deficit. If we hold the growth of government spending below the growth of GNP, the budget deficit will fall without tax-rate increases or spending cuts. Further, the policies often recommended to bring down the twin deficits—tax increases and protection or retaliation—are costly. However, we should convince foreign governments to share more of the costs of common defense efforts and to join with us in lowering trade barriers.

"We should not penalize growth and productivity by taxing capital and saving."

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Richard Rahn

Vice president and chief economist, U.S. Chamber of Commerce.

"The biggest nonproblem is the trade balance."

The first priority is to apply realistic cost-benefit analysis to every government spending program, including entitlements. The big spenders have always had an air of moral superiority; they seem to think that they are the compassionate ones. But they never look at the extraction costs—the costs to the private sector of the taxation and government borrowing needed to finance spending programs. Once these extraction costs are included in the analysis, the evidence shows that most government spending programs diminish the social welfare rather than increase it. It is also obvious that the federal budgetary process has completely broken down. We need to fix that process both constitutionally and procedurally.

The second priority is greater stability in monetary policy. As the United States and other nations become part of a worldwide economy, extreme fluctuations in domestic monetary policies are causing wide exchange rate swings and erratic domestic price fluctuations that diminish investment levels and, ultimately, economic growth. To reduce monetary instability and rapid price swings, we need to move toward international price standards such as a basket of commodities or gold.

The third priority is further tax reform. We've made great progress in lowering destructively high marginal tax rates, but we still penalize productive savings and investment. A more neutral tax system would lead to greater economic growth. Specifically we need to reduce the capital gains tax rate and develop more vehicles for tax-exempt or at least tax-deferred savings by individuals and businesses.

The biggest nonproblem is the trade balance, which in a world of freely floating exchange rates is self-correcting. If people around the world do not think that the United States is a good place to invest their money, the dollar will decline, correcting the trade imbalance. If people think that the United States is a good place to invest, the trade deficit will increase, but that won't matter provided we are using these investment funds in a productive manner. Most proposals for reducing the trade deficit, such as trade protectionism or direct monetary intervention to affect the value of the dollar, are cures far worse than the disease.

William E. Simon

Secretary of the Treasury (1974-77). Mr. Simon is now president of the John M. Olin Foundation.

"Our grandchildren will be left to pay the bill for our profligacy."

Thomas Jefferson warned America that we must make our choice between liberty and economy, or profusion and servitude. For two decades, the American people have freely chosen to follow the path of profusion, bringing us ever closer to an economic point of no return.

The next administration must confront a new choice: either take immediate, decisive, and effective action to rein in our years of excess, or risk presiding over a country that will plunge into national bankruptcy.

We face three immediate challenges:

First, we must cut sharply the catastrophic federal budget deficit of $150 to $200 billion per year, and the accumulated interest burdens of the federal debt, which have more than doubled over the past seven years.

Second, we must reform a congressional budgetary process that has gone completely amuck, imposing no meaningful disciplines on spending and granting the president no authority to match revenues with outlays in a responsible fashion.

Third, we must relieve the private enterprise system from the enormous burdens of federal regulations and red tape, which are smothering risk taking and stifling growth.

These problems are not dissimilar to those confronting Ronald Reagan when he took the oath of office in 1981, except that they have increased dramatically in magnitude during the past seven years. The federal deficit was already a serious problem in 1981; today, it is a malignant cancer eating away at the foundations of our economic freedoms. The congressional budget process in 1981 was clearly an irrational method for allocating government resources and matching revenues with outlays. Today, the whole process has become a grotesque caricature of its original intent, with Congress dumping massive reconciliation bills on the president's desk only hours before the government is to close down entirely for lack of funds.

In 1981, Washington had earned a well-deserved reputation for maniacally trying to regulate every aspect of our lives. Yet, after various task forces have submitted their reports, the problem of excessive regulation remains very serious. While we have made progress in eliminating some of the most self-defeating regulations and in reducing the burdens of confiscatory marginal tax rates, much remains to be done if we are to recover the vitality that once

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defined the American economy.

The problems I have listed are only the most visible evidence of a deeper, underlying problem. America desperately needs to rebuild our country's moral capital—that vital sense of personal responsibility in each of us, which has been weakened by a profligate government that has promoted spending, subsidies, and debt over personal initiative, saving, and investment. The accumulation of public and private debt to finance present consumption can only be repaid through a reduction in our standard of living. Unless these basic problems are addressed by the next administration, the United States will be unable to maintain our position as the leading economic power in the world. Tragically, once we have squandered our economic leadership, our political and military position in the world will also be placed at risk.

The only solution to these festering problems is to replace the partisan wrangling in Washington with courageous leadership by statesmen of stature, not pandering politicians. I don't mean the kind of leadership that scores highest on the voters' Richter scale of wants and satisfactions, or that simply manages our way from one crisis to the next.

Leadership is understanding how to prevent problems from becoming crises, by summoning this nation's will to meet our highest responsibilities, and that begins with making the tough and inescapable choices on spending, including entitlement programs, now before it is too late.

Trade Deficit Is Symptom

The current economic issue that is overrated is the trade deficit, which has been ballyhooed by some pundits as a sign of impending catastrophe. The trade deficit is really a symptom of the deeper problems facing our economy that have already been mentioned. A trade deficit, it is important to remember, is not necessarily a bad thing. For the first 150 years of our national history, the United States frequently experienced trade deficits to finance our national development. Foreign funds were then used wisely, to encourage growth through investment in infrastructure, in production, and in the creation of more goods and services. The worrisome aspect of today's trade deficit is that foreign funds are borrowed, not for investment in the future, but selfishly to finance present consumption. This is the great difference between yesterday's trade deficit and today's. Sadly, when our orgy of consumption has run its course, our children and grandchildren will be left to pay the bill for our profligacy.

This pattern of spending—and not the existence of the trade deficit itself—is the real danger facing our country today. We must, in other words, spend more on investment and production, and less on current consumption. If we do what is necessary, then the trade deficit will take care of itself.

Herbert Stein

Chairman of the Council of Economic Advisers (1972-74). Mr. Stein is senior fellow at the American Enterprise Institute. His Presidential Economics *will be reissued this spring.*

"Find enough budgetary resources to support adequate national security and anti-poverty programs."

My list of economic policy priorities for the next president:

1) Find enough budgetary resources to support adequate national security programs, including foreign aid, and adequate anti-poverty programs. The threat to our national security and the continued existence of a poor underclass are the two main problems of America. Neither is solely or even mainly an economic problem and neither can be handled by the provision of budgetary resources alone. But both will require more budgetary resources. These must be found by some combination of higher taxes and lower expenditures for the other purposes. The combination will have to reflect a compromise among conflicting ideas and interests. The important thing is that insistence on a particular combination (such as no tax increase and all expenditure cuts) should not be allowed to prevent achievement of the primary objectives.

2) Take the lead in developing durable, realistic principles and procedures for managing the federal budget. This is different from the ritualistic call for "balancing the budget." In fact, that call is an obstacle to thinking clearly about the budget. The president needs to try to educate the country about what the real, functional consequences of the big budget decisions are, including the decision about the size of the surplus or deficit. He needs to develop and bring to attention the information relevant to these budget decisions. And he needs to try, with the Congress, to bring about a process that will take account of the effects, especially the long-run effects, of budget decisions. The basic budget problem is how to allocate the national income, not how to allocate something called the *federal budget.* The budget decisions profoundly affect how much of the national income, and not only of the federal budget, goes for providing for the future via investments, for education, for health care, for programs for the poor, etc. We need a budget process that will focus on these effects.

3) Cooperate with the Federal Reserve and the Congress in developing targets for monetary policy that will provide reasonable confidence in the avoidance of inflation in the long run. The management of monetary policy in the past eight years has been good, in view of the difficulties it faced. But still there is little basis for predicting continued

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sound policy. Everything is decided anew from week to week or month to month. The private sector is in a constant state of uncertainty, and the Federal Reserve is inhibited because it cannot tell what expectations about the long run will be generated by any short-run move.

At the top of my list of nonpriorities I would put:

Do not try to defend the dollar. The attempt to defend a certain exchange rate for the dollar is a prescription for diverting monetary policy from its primary role of stabilizing the U.S. economy and an invitation to controls of trade and capital movements.

WALTER WRISTON

Former chairman of Citicorp. Mr. Wriston is author, most recently, of Risk and Other Four Letter Words.

"Maintain the open global trading system, low marginal income tax rates, and steady, predictable, modest growth in the money supply."

The first priority should be to maintain the open global trading system. Most historians would say that it was the Smoot-Hawley tariff that turned the stock market crash of 1929 into the Great Depression. It is essential that we not make the same mistake this time.

The second priority should be to maintain our low marginal income tax rates, which are largely responsible for the unprecedented economic expansion we have enjoyed during a period of stagnation in other major countries.

The third priority should be for the Federal Reserve to avoid attempting to fine-tune monetary policy, and to maintain steady, predictable, modest growth in the money supply.

The most important nonpriority is probably "fixing" the trade deficit. What trade deficit we have is largely due to the mismatch between our growth and the stagnation in other countries.

The other "problem" that doesn't worry me is our debt to foreigners. To begin with, our net foreign debt is vastly overstated: We book our assets at depreciated cost, while foreigners value their typically more recent investments at current cost. In addition, so long as our debt is denominated in dollars, it shouldn't matter to us whether it is owned by someone in Germany or someone in Keokuk, Iowa. The countries in debt trouble are those whose debts are denominated in other countries' currencies. ☎

IF YOU MISSED LAST MONTH'S LIBERTY REPORT, YOU MISSED...

- Rep. Newt Gingrich stating, "Jim Wright is a ruthless, machine politician. He is active and aggressive in systematically helping the Nicaraguan Communists kill Contra aid."
- The tragic story of Shari Smith, who was kidnapped and murdered by a man driven by pornography.
- A detailed examination of spousal rape laws nationwide and a feature on a Michigan man serving a 15-30 year prison sentence on a suspect marital rape charge.
- Analysis of 'The Grove City Bill' and the complete House and Senate voting record of each member.
- Commentaries by the country's leading conservative spokespersons, including Dr. Jerry Falwell, Connie Marshner and Don Feder.

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The New Right, It's Time We Led

Conservatism's Parched Grass Roots

Amy Moritz

Ask a conservative, "Who is responsible for such defeats as Contra aid, the Robert Bork nomination, and the imposition of punitive sanctions against South Africa," and you are bound to get the same answer every time: the White House.

The true story is less comfortable. While the White House staff has often failed in strategy, implementation, and political will, the real reason for across-the-board conservative impotence is that the conservative movement has been out-mobilized at the grass-roots level by the Left.

Eight to ten years ago the conservative movement had great promise. Conservative political action committees were targeting entrenched liberal senators and congressmen—and defeating them. Issues such as the Panama Canal treaty ratification were debated on the grass-roots level, with a significant number of new conservative activists being recruited. Dozens of new conservative organizations were being founded, most by committed idealists with practical ideas about how to promote the conservative agenda. The "Religious Right" was born and grew in a few short years to include millions of Americans and office complexes large enough to communicate with them all.

With a start like this, the election of a popular, charismatic conservative president in 1980 should have begun a new era of conservative power. President Reagan—the "great communicator"—would explain and popularize conservative programs to the American people. The conservative movement would provide grass-roots support for conservative initiatives and the political power necessary to defeat, or at least threaten, liberals in Congress who blocked conservative progress. Legislative victories unthinkable in the 1970s would be obtained.

Squandered Opportunities

Instead, this opportunity has been squandered. Conservatives could have won battles like Contra aid, the Bork nomination, and numerous others in recent memory if we had mobilized a large number of effective conservative activists. But we did not, while the Left did, and we have been losing as a result. We have not even taken decisive steps to correct this. When we lose we find scapegoats: we blame the president, the White House staff, the media, and, of course, the entrenched liberal establishment. Indeed, we blame everyone but ourselves.

Most of the time, even when the president, the White House staff, the media, or the liberal bureaucracy was at fault, there were significant and even decisive things conservatives could have done better.

The February 3 Contra aid vote in the U.S. House of Representatives was lost by an 8-vote margin. This loss could have been a win. Public opinion polls repeatedly showed a wide disparity in the percentage of respondents favoring Contra aid, depending upon how the question was asked. Had an army of conservative activists blanketed every congressional district and framed the Contra issue correctly, public opinion would have swung to the Contras. At no time, however, was a large number of conservative activists mobilized to lobby swing members, to organize events for the Contras in swing districts, to make undecided congressmen feel constituent pressure on behalf of freedom fighters in Central America.

Similarly, a strong conservative movement with an effective national field operation would have been able to favorably influence Judge Robert Bork's Supreme Court confirmation battle in the Senate. This nomination was judged by all sides of the political spectrum as one of the most significant acts of the Reagan presidency. Conservatives should have been out in force. Yet, the ineffectiveness of the conservative effort is demonstrated by the fact that senators feared the political consequences of a "yes" vote; they did not fear the political consequences of a "no" vote. Only a few conservative groups made an all-out effort to help Judge Bork (although many conducted fund-raising campaigns on the theme), and these had but a few activists in the field. The rest whined about the White House staff and the Left and looked the other way.

Punitive economic sanctions against South Africa are another example of near paralysis for the conservative movement. Scores of members of Congress sincerely believe sanctions aren't the best policy for helping South Africa's blacks but are too gutless to say so. Members of the conservative community who never face the voters don't even have this feeble excuse for inactivity. U.S. sanc-

Amy Moritz *is executive director of the National Center for Public Policy Research.*

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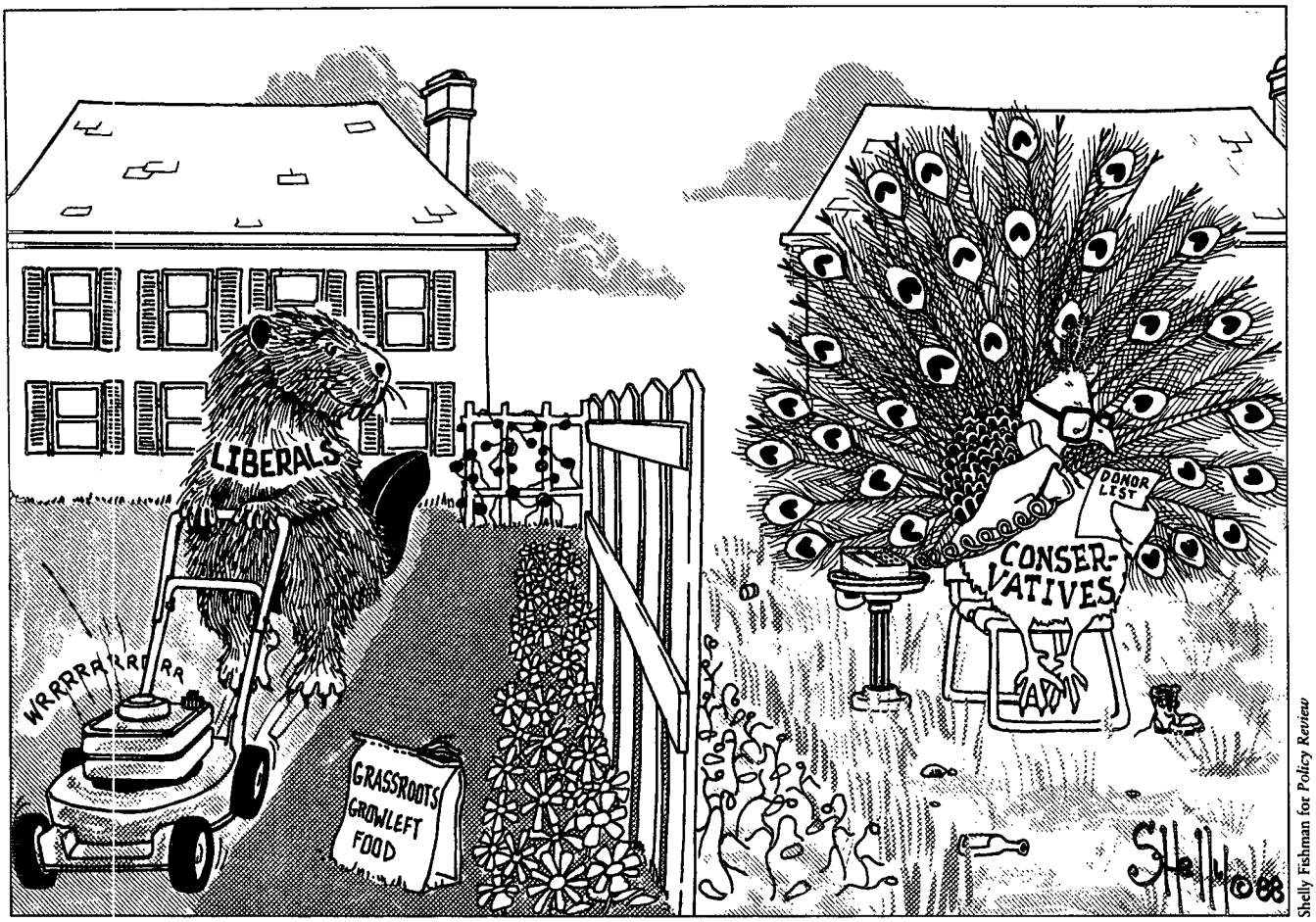

The real reason for across-the-board conservative impotence is that the movement has been out-mobilized at the grass-roots level by the Left.

tions are morally unjustified and any threat to America's access to South Africa's chrome, manganese, and other strategic minerals has extremely dangerous repercussions for U.S. national security. The role for the conservative movement in this issue could be profound: making it politically safe for cowardly conservative politicians to speak their consciences. Extremely significant information (such as the fact that all 12 major opinion polls of black South Africans conducted over the last three years demonstrates that a majority of them oppose sanctions) has not been communicated to journalists or to members of Congress. Only a handful of conservative groups have made a contribution to the development of a just U.S. policy toward South Africa. Those who have made little or no contribution, however, have not felt restrained from accepting free, multi-week visits to that nation for "study."

Donors, Not Activists

Why is the 1988 conservative movement weak when it could have been strong? Among the reasons:

Conservative leaders, while claiming the support of millions of grass-roots conservatives, have in most cases never bothered to turn these conservatives into anything more than financial contributors. The result has been that, although most conservative groups have tens of thousands of financial supporters, very few have any activists. The average conservative organization can print out a computerized list of hundreds of contributors living in, say, Toledo, but would be incapable of gathering a few dozen conservatives to request a meeting with Toledo's mayor.

A problem that goes hand-in-hand with inadequate activist recruitment is that the movement (and the Republican Party) is ineffective in developing good candidates for local elections, such as city councils and state houses. The congressional and senatorial candidates of the future are on city councils and in state houses today. If conservatives are underrepresented there (and we are), we will never break the liberal stronghold in Congress. The movement has been unwilling to complete the tedious tasks of recruiting, motivating, and supporting a large number of activists and candidates.

A case in point is last summer's "Olliemania." Oliver North's instant popularity with the American people was a dramatization of the conservative movement's potential appeal to millions of currently unrecruited conservatives. Yet, during the height of "Olliemania," conservatives in casual conversation speculated not on this significant fact but on something of greater personal interest: how one might obtain access to the list of names of donors to Oliver North's legal defense fund, a potentially significant source of direct mail revenue.

For the conservative movement to win legislative battles

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in Washington, members of the House and Senate must believe that there is a political cost attached to blocking conservative initiatives. In the days when the National Conservative Political Action Committee (NCPAC) targeted liberals for defeat, politicians believed that there was a cost. Today they do not. Although conservatives still call an occasional press conference to announce that they will go all out to defeat Congressman X for reelection because of his vote on bill Y, in recent years follow-through has been rare. Politicians, who are never more clever than

When we lose we find scapegoats: the president, the White House staff, the media, and, of course, the entrenched liberal establishment. We blame everyone but ourselves.

when they are analyzing the strength of their opposition, have realized this. The long-term result of the press conference becomes not a threat to the Left, but a detriment to the Right, as politicians correctly perceive that the conservative movement is "crying wolf." Conservatives have to learn that they cannot make up for movement weakness by issuing frequent, blustering threats.

Obsolete Tactics

The conservative movement continues to use tactics long after the tactics have ceased to be useful. An example is the use of direct mail to encourage grass-roots conservatives to mail preprinted postcards to policymakers. Years ago, when politicians received bushels of identical postcards exhorting them to vote a particular way, they were impressed. Today, they are used to it. Postcard campaigns simply have much less effect than they once had, and it is foolish for an organization to rely heavily upon them. Mass postcard campaigns are easy to organize and encourage grass-roots contributions to the sponsoring organization. Unfortunately, these benefits of their use cause groups to continue to rely on them despite their growing obsolescence, even to the point of using them as the cornerstone of their approach.

Obsession with the Press

The conservative movement lacks clearly defined, long-term, obtainable goals in most issue/interest areas. This means that its rare and underemphasized attempts at activist recruitment become impeded by a lack of the concrete issue-oriented goals that are needed to recruit activists. Further, the movement has been limiting itself to either reacting to the Left's initiatives (so if the Right has anything less than a complete victory, the Left still makes gains) or concentrating on short-term (and sometimes misguided) objectives.

An example of misguided objectives is the near-obsession on the part of some conservatives to get coverage in the media. These individuals apparently believe that being quoted in the newspaper is an adequate substitute for changing votes, carrying out long-term strategies, or developing effective activist-recruitment programs. Proof of this obsession: the number of press specialists employed by the movement outnumbers field people by at least 10 to 1; the ratio logically should be reversed. Good media relations is important, but it is overplayed when it detracts needed resources from necessary projects or is used to promote individuals instead of initiatives. The movement simply cannot succeed if it continues to spend more time commenting on what's happening than on making things happen.

There are times when it is strategically valuable to avoid talking to the media. In a tactic unreminiscent of the conservative movement as a whole, presidential candidate Pat Robertson instructed his Iowa field staff to decline to speak to the media. Robertson's strength in Iowa was underestimated, and he gained politically as a result. The conservative movement has been losing politically because it is overestimated. For example, the media's overestimation of the Religious Right's political strength has made it possible for Norman Lear to publicly portray his effective and exceptionally well-funded group, People for the American Way (PAW), as an underdog. Thus, Lear's victories are seen in a David-versus-Goliath context, and PAW's credibility and fund-raising improves as a result. In the past, journalists have believed some exaggerated movement claims. When these same journalists review movement strength today, they see a movement that can't do what they believe it once could. They take this, understandably, as evidence that movement strength is on the decline.

The Bakker Syndrome

The movement suffers from what could be called the "Jim and Tammy Bakker Syndrome"—an unwillingness and/or inability to police itself in the matter of ethical fund-raising practices. Several elements are at work here. The first is the existence of organizations whose sole purpose is to raise funds for either the principal or a variety of principals, including the firm(s) employed to conduct the fund-raising. The second is the practice, used by a handful of groups, of fund-raising on an issue or project without actually working on the issue or completing the project. Unfortunately, movement leaders who strongly disapprove of these practices know little they can do personally to improve the situation.

The movement owes it to its supporters to employ a method by which it can police itself. One such method might be voluntary financial disclosure by conservative groups. A model for the disclosure process could be the Sullivan Principles (which sets voluntary standards on racial issues for American businesses operating in South Africa) and the organization that monitors adherence to them, the Sullivan Signatory Company Association. Following this model, conservative groups, participating voluntarily, would agree to some basic fund-raising principles and to answer in writing, perhaps annually, a series of simple financial questions designed to detect unethical

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practices. Participating groups would have a public relations incentive to publicize their voluntary adherence to these principles; contributors would have access to the disclosure forms and would be encouraged either to contribute only to participating groups or to ask tough questions of nonparticipating organizations before extending financial support. Had such a procedure been in effect among religious broadcasters, the Jim and Tammy Bakker scandal, which unfairly made contributors suspicious of thousands of honest charities, might never have occurred. Honest conservative groups should act now to prevent an unethical minority from inflicting a similar scandal upon the conservative movement.

The conservative movement, in general, is finding it very difficult to attract and hold on to top-quality mid-level personnel. It is the exception rather than the rule when an idealistic young conservative with useful managerial or political skills stays employed with the conservative movement for longer than two to three years. The result is that much of the movement's best mid-level talent resigns at just about the same time it becomes experienced enough to be effective.

Veteran conservatives have attributed this phenomenon (sometimes accurately) to restlessness and ambition, but this analysis ignores those who leave movement jobs for (often) less-paying positions in essentially selfless fields such as humanitarian work. In these cases the stark truth is that individuals sought full-time employment in the conservative movement because they wanted jobs with a purpose more than they wanted good wages or regular working hours. They wanted, in short, to become part of a shared vision larger than themselves. Their goal was not realized. Instead, they found a movement with few goals and no sense of where it fit into the political community. They also learned, usually the hard way, that professional advancement in the conservative community is frequently based less on one's success in promoting the conservative agenda than on one's success in demonstrating personal loyalty to an individual conservative leader. This problem causes not only a critical shortage of competent mid-level personnel, but an artificially restricted pool of future movement leaders.

Semi-Exclusive Ghetto

What now for the conservative movement? Will new techniques and new or renewed leadership belatedly fulfill the movement's promise? Or will conservative leaders and organizations continue to inhabit what journalist Sidney Blumenthal has called "a semi-exclusive Washington ghetto of their own making"?

The answer, as always, lies in what individuals do. The present bleak situation can be turned around if a significant number of individual conservatives demonstrate moral and strategic leadership.

Much of the movement's best mid-level talent resigns at just about the same time it becomes experienced enough to be effective.

Moral leadership, which promotes values over expediency, would vastly improve morale, increase productivity, lower the opportunity for financial scandal, and reduce the high turnover of trained personnel.

Strategic leadership would ensure that the movement would set realistic long-term goals, carry out its unexciting but necessary tasks (lobbying, budget-cutting, recruiting activists, dismantling the infrastructure of the Left), and bring its political threats in line with its political strength. It would also increase net financial resources by reducing waste, by demonstrating results to contributors, and by establishing (through newly recruited grass-roots activists) new (primarily local) sources of funding.

In addition, conservative leaders daily ought to ask themselves: "If my organization disappeared tomorrow, would it make any difference for the future of our nation?" Today, some of them, if honest, would have to say no. But within many of these leaders is the potential for a different future.

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THE SCARLET LETTER

The Private Lives of Public Figures

A SYMPOSIUM

Policy Review asked a number of scholars, public officials, and religious leaders to participate in a symposium on the modern version of the scarlet letter, the opening of public figures' private lives to the scrutiny of reporters, biographers, and stand-up comics. Participants were asked to write short comments on any or all of the following questions.

Public figures have been pilloried and in some cases their careers have been destroyed by reports of adultery, wife-beating, drug use, homosexuality, ethnic slurs, alcoholism, and friendships with figures in organized crime. Are any or all of these private behaviors appropriate subjects for public discussion? Is gossip of this sort simply voyeuristic and nihilistic, or does it serve an important moral purpose?

What role should private behavior and character play in the evaluation of a person's fitness for office? What aspects of private behavior and character are most important? Under what circumstances should the exposed misbehaver be given a second chance?

Should any aspects of private life be off limits to public exposure, including posthumous biography? Do individuals and families have any right to privacy, and, if so, how is this right to be balanced against freedom of the press? What are the moral obligations of family members and friends in protecting the privacy of public figures?

RANDY E. BARNETT

We are today tasting the bitter fruit of decades of agitation by activists on both the left and right to conflate the public and private spheres of life. These activists rest their respective programs on the premise that all private conduct potentially "affects" others and therefore all private matters are subject to public governance. The Left would subject every exercise of personal discretion that affects another to *judicial review.* Ideally, "due process of law" or a "fair hearing before an impartial magistrate" should extend to every decision of private life—hiring, firing, grading, ending a love affair, etc. The Right, on the other hand, wants to subject every personal choice involving vice or virtue to legislative jurisdiction. Ideally, a legislature reflecting the "public will" of the majority should impose its vision of private life on the minority.

Although activists of the Left and Right disagree about what counts as "bad" conduct and which level or branch of government should decide this issue, they vehemently agree that individuals or private groups are not to be trusted to decide many truly important matters for themselves. Consequently, much of their attention is focused on favored examples of personal or institutional "corruption" with the implicit understanding that virtuous governmental institutions can and must outperform and "check" these private institutions.

If, however, a moral or virtuous government is the solution to the immorality or licentiousness of individuals and groups, then it follows that only the truly virtuous may be "elected" to "higher" office. If the solution to human corruption is the incorruptible public official, then every private peccadillo by officials or potential officials is a matter of genuine public concern. Everything becomes public; nothing remains private. In this way, the dominant political philosophy comes full circle to ambush the political officeholder or office-seeker. It is cold comfort when truly decent persons are destroyed by the very public process they so avidly advocate.

Hypocrisy and Power Lust

In societies where the public sphere eclipses the private sphere, two types of individuals typically survive and thrive: skillful (and lucky) hypocrites and those who so love power itself that they are untainted by avarice. Moreover, such a process is not ideologically neutral. It systematically favors advocates of "altruistic" collectivism and disfavors advocates of "selfish" private choice.

The classical liberals rested their political vision on the separation of public and private jurisdiction. Individuals and groups should be free to pursue the good life in ways that do not unduly interfere with the similar pursuit by others. The "moral fabric" of a society is best woven, not by the state, but by nongovernmental institutions standing between the individual and the state—churches, schools, social clubs, charitable organizations, the creative arts, the press, etc. Such intermediate institutions are created, maintained, and constrained by the voluntary actions of countless persons. They spontaneously evolve in response to changing conditions and the growth in moral knowledge.

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Ideally, legal coercion is reserved to regulate the means of pursuing happiness—not to dictate ends. Individual rights—whether natural, civil, or political—define a protected domain of liberty for each person and also the boundaries of individual discretion.

In short, such a world requires both general fidelity to principles of right and tolerance of moral disagreement about the good. A tolerant society in which intermediate associations are free to combat vice can expect a more virtuous citizenry. A society in which the rule of law is solely used to protect individual rights can better tolerate governance by mere human beings.

RANDY E. BARNETT *is professor of law at the Chicago-Kent College of Law and director of the Law and Philosophy Program of the Institute for Humane Studies at George Mason University.*

GARY L. BAUER

I must confess to a strong ambivalence about the recent explosion of private scandals rocking the careers of public figures. It offends my sense of decency and propriety that reporters would sneak and sniff around the lives of people to uncover something they did a decade ago that the reporter himself may have done several times last week. Then the ensuing articles destroy the public figure's reputation and make the reputation of the reporter.

The second concern I have is that scandal revelations are a chancy, arbitrary, and inequitable business. The ax falls without any apparent logic or justice. Joseph Biden's plagiarism goes unremarked for years, until suddenly it surfaces and torpedoes his presidential aspirations. Gerry Studds survives revelations of pederasty, while Dan Crane pays at the ballot box for adultery with a female page. Then of course there is the sorry spectacle of Jim Wright's wheeling and dealing, which inspires only indifference among a Democrat-controlled ethics committee. Everyone knows that if all the scandals in Washington were printed, America would run out of trees. Consequently, scandal mongering becomes a very selective mode of punishment.

On the other hand, I cannot agree with those who maintain that private morals are largely irrelevant to public life. Gary Hart's infidelity certainly told me something about how I could treat his political promises: If he couldn't keep faith after a solemn pledge to a loved partner, what confidence can I as a total stranger have that he would honor his commitments—to me or to his country? Often private actions are the best evidence that citizens and voters have of what a public figure is really like. Certainly actions such as habitual drug use, wife-beating, and unlawful behavior are more reliable indices than vacuous campaign rhetoric, often forgotten the day after the election. They tell people what their leaders are, not just what they pledge to be.

Finally, I feel that the American people have an ample fund of shrewd judgment, common sense, and tolerance so that they can assess the relevance of the publicized information to the candidate or public official's performance in office.

GARY L. BAUER *is Assistant to the President for Policy Development.*

ALLAN C. CARLSON

Recent embarrassments among our political caste have spawned calls for a new silence over the private lives of our public officials. The angst-ridden pundits tell us that this attention to personal matters is an unworthy development, and a break with a long tradition of propriety. They argue, too, that private, usually sexual, matters have no tangible relationship to public judgment.

Neither response bears much scrutiny. The first reply ignores the truly raucous political history of the nation, where political scandal has been the rule, not the exception. Among the sainted Founders, for example, Alexander Hamilton came under attack for an adulterous liaison with

Few people would be concerned with an electrician's sexual mores when a switch needs to be repaired. It is quite different when we choose a teacher, police chief, or political leader.

—Joshua O. Haberman

Mrs. Reynolds, to which he finally confessed in a published pamphlet designed to save his political hide. Thomas Jefferson faced those rumors (apparently false) of frequent trysts with slave Sally Hemmings. Grover Cleveland acknowledged his probable paternity of an illegitimate child (he at least had the decency to support the lad financially). It is true that a few politicians—notably John F. Kennedy—received curious dispensations from the press. But they have been the extraordinary ones, chosen by the gods.

The second reply, moreover, is premised on a radical split between "public" and "private" that is impossible to sustain. Several of JFK's midnight assignations in the White House, for example, were intimately involved with his politics, including his reported affair with a Mafia moll. The character of politicians—their ability to remain faithful to commitments, their courage under attack, their fortitude in periods of stress—must also bear some relation to their fidelity within a marriage and their ability to control libidinal drives. Even the skill shown by politicians as parents—their degree of success in raising responsible children to adulthood—offers solid insights into their leadership qualities (here, George Bush, Richard Nixon, and Walter Mondale look good, Ronald Reagan . . . well perhaps we can blame it on California).

With this said, there do remain limits to inquiry that should be governed by taste and a code of honor. There is a great moral divide, for example, between Gary Hart's liaison with Donna Rice and Pat Robertson's attempt to protect the secret of his marriage date. The former is a stupid, sordid matter (according to the tabloids, Hart used

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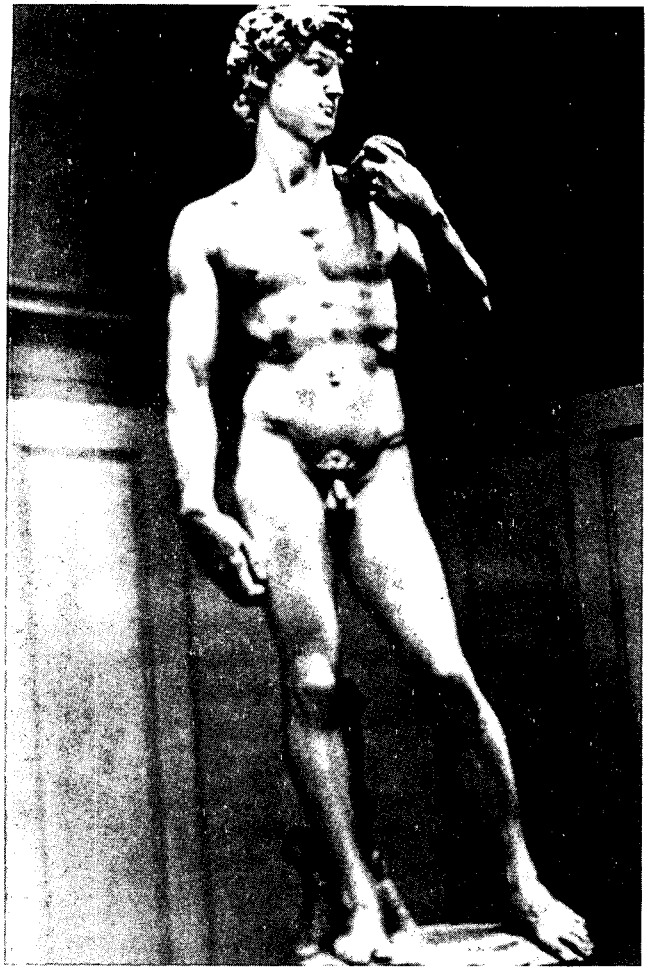

Did David promise Bathsheba he would make her First Lady?

the old line, "I'll make you First Lady . . . after the election"); the latter, an understandable, forgivable attempt to protect one's wife and children from the consequences of youthful indiscretion. The relevant question, perhaps, is whether the press is still able to tell the difference.

ALLAN C. CARLSON *is president of The Rockford Institute.*

JOSHUA O. HABERMAN

The wrong way of putting the question is: "What do you want, high private morals or competence?" It should not be an either/or question. The American people want both, at least as much as possible. We should avoid harsh Puritanism and cynical pragmatism. What we need is a heavy dose of moral realism in judging the fitness of a candidate for public office. It makes little sense to say: "What, he has a character defect? Only people of perfect character should hold public office." Absolutist standards would effectively disqualify all but saints from holding public office. Equally mistaken is the assumption that one's private life is irrelevant and that the only thing that matters is competence.

The importance of one's private life varies from very little to very much according to the particular vocation or position. Few people, for example, would be concerned with an electrician's sexual mores when a switch needs to be repaired. It is quite different when we choose a teacher, police chief, or political leader. Those in respected positions of responsibility who work with people in the community are not only responsible for performance but, like it or not, serve as role models. Whatever that means, it implies, at the very least, personal conduct in conformity with the values that are upheld by the community and, in the case of the political leader, by his constituency. Society is destabilized by a leader guided only by his own "moral preference," overriding the moral conventions sanctioned by the community.

Create In Me A Clean Heart

The classic biblical example of a transgressor's rehabilitation and recovery of credibility came after the prophet Nathan confronted King David with the fact of his scandalous adultery with Bathsheba. David's reaction was recorded in Psalm 51, surely one of the most moving documents of repentance in literature. It helps us understand why posterity still regards David as a hero. Three points stand out: 1) Honest acknowledgment and confession of the delinquency without ifs or buts or the slightest attempt to shift blame or explain it away; 2) profound remorse; 3) convincing evidence of a radical change of heart. The psalm resonates with the outcry of moral anguish from the heart of the penitent, as suggested by the following phrases:

> Be gracious unto me, Oh God, according to Thy mercy . . . Wash me thoroughly from mine iniquity, and cleanse me from sin. For I know my transgressions; My sin is ever before me . . . Thou desirest truth within . . . Purge me . . . and I shall be clean . . . Create in me a clean heart, Oh God, and renew a steadfast spirit within me . . . Let a willing spirit uphold me. Then will I teach transgressors Thy ways, and sinners shall return unto Thee . . . The sacrifices of God are a broken spirit; a broken and contrite heart, Oh God, Thou wilt not despise.

David was forgiven because he established credibility by his seriousness, his instant and abject confession, and the persuasive expression of his penitence. Most important, he was convincing in his change of heart.

The American people in judging human character and conduct usually will apply the two-dimensional measuring yard of justice and compassion so typical of the biblical tradition. We believe in forgiveness if circumstances warrant it and if the transgressor merits it. This means that a second chance is not given automatically but must be earned.

JOSHUA O. HABERMAN, *formerly senior rabbi of the Washington Hebrew Congregation (Reform), is visiting professor at Wesley Theological Seminary and Washington Theological Union, and president of the Foundation for Jewish Studies.*

CARL F. H. HENRY

Public figures are entitled to some privacy at least. They are under no necessity to bare their private thoughts to the world or to fully expose their private lives to the media. After all, my inner ideas—and yours—are private property

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on which we need pay taxes only to God; and our private behavior—insofar as it involves ourselves alone—is seldom our neighbor's business. Family members or trusted friends who may shatter that privacy and prattle publicly about our personal thoughts and behavior forfeit our confidence.

In God's sight, lustful imagination or contemplation of crime justifies His moral condemnation. But statute law deals not with inner but with outward behavior. When crimes are alleged against state and society, public discussion of a person's conduct and premeditation may be not only proper and important but imperative.

But even here there are limits. Unfortunately, reporters and biographers often peer through every available peephole of one's life, expecting, even hoping, sooner or later to find adultery, homosexuality, drugs, criminal contacts, alcoholism, spousal abuse, or some other vice. The press subtly prejudges public figures by anticipated guilt. Sad to say, an author's voyeuristic imagination can add sales potential to biography; if such narrative is posthumous the subject is beyond his or her day in court. Can such cowardly character-assessment justify itself as serving an ethical purpose?

Morals of the Media

That investigative reporters, media anchormen, and biographers seem exempt themselves from the scrutiny they impose on others is remarkable. Should public trust require that before assignment to a permanent post media personnel be subjected to public grilling and review of their private lives? Do anchormen reveal their after-hours indulgences? If not, why should the public servant be inordinately scrutinized? One answer is that we expect officeholders to be role models because they serve their country and represent constituencies. But cannot an anchorman in quite different ways honor or dishonor the public trust? Are not all of us morally responsible whoever and whatever we are? Should we expect more of a presidential candidate or of a televangelist than of an investigative reporter?

Once a society exempts certain classes from universally shared moral imperatives it is in trouble. To expose anyone's immorality is hardly a titillating pastime to be undertaken with glee. But for the grace of God all of us have the same potentiality for ethical compromise.

To destroy confidence in a public figure may indeed at times be legitimate and necessary. Not to do so may undermine confidence in the very democratic processes that the Free World treasures. But there is a proviso: the prosecutor dare not arrogate to himself or herself the prerogatives also of judge and jury. Such arrogance also undermines respect for those same democratic processes. The press has not yet, happily, displaced Congress, the presidency, and the Supreme Court. It will best serve the legality and morality of its profession and of the nation if its personnel manifest the same integrity that a just society expects, and rightly expects, from all of us.

CARL F. H. HENRY *is the founding editor of* Christianity Today *and author of some 35 works including the six-volume* God, Revelation, and Authority.

RUSSELL KIRK

Private probity and public virtue.

Must people in public office be always exemplary in their private lives?

From Alexander Hamilton's affair with a woman client to the amours of Gary Hart, the American democracy frequently has rejected public men when it is said of them that they have promiscuous appetites or who have in some other fashion offended against what Marxists delight to call "bourgeois morality." The conspicuous rectitude of George Washington or John Adams remains the standard of political conduct for most Americans.

America's liberal intellectuals, on the other hand—Robert Maynard Hutchins, for one—often have asserted that competent performance of public responsibilities is everything, and that private vices or virtues are no proper concern for the electorate or the molders of public opinion. In Lear's phrase, "Let copulation thrive"—King Lear that is, not Norman Lear—as long as the public interest be not adversely affected.

Public Good, Private Turpitude

Plato raised such questions of rectitude in the public man some 2,400 years ago. These issues grow serious again in our closing years of the 20th century, so like Plato's age in its incertitudes about moral standards. Can public good consist with private turpitude?

Take adultery—a term Gary Hart preferred not to define. A good many eminent statesmen, in many countries, have fallen into that slough. Even John Morley, the Victorian prime minister and sober man of letters, kept in his house for years a woman who was not his wife, whom he had rescued from a brutal husband.

We lack space here to touch upon the amatory exploits of British World War I Prime Minister David Lloyd George, President John F. Kennedy, and other possessors of power in a democracy. Does a politician's adulterous habit impede him in his public duties?

The answer to that question depends upon circumstances. A statesman's infatuation with the female agent of a foreign power may have consequences very grave indeed.

Or, as T. S. Eliot once remarked in a letter to me, the secret homosexual appetites of senior officials in the British intelligence services—two such had fled to the USSR for fear of arrest as Soviet agents not long before he wrote—scarcely are matters of indifference to the realm. Eliot added that a teacher teaches as much by what he is as by what he says. And that principle may apply to people in high authority.

President Galahad

So I think that the American public does well to take some account of a public man's private character and habits. Yet the public would be foolish to expect every influential politician to live as a Galahad or a Parsifal, without stain or reproach. Chiefs of state and leaders of the crowd have to be men of the world.

President Richard Nixon remarked to me once that he did not think the people wished him to become a preacher of sermons, an issuer of moral rescripts. "I can speak to some effect on drug abuse," he added—but he took it,

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National Portrait Gallery, Smithsonian Institution

Alexander Hamilton: Press should be free but not wanton.

rightly, that a president's duties are not those of *pontifex maximus*. Later, when the Watergate tapes were examined, certain hardened newspaper men affected shock at some rough phrases employed by Nixon and his kitchen cabinet.

The press, somewhat sanctimoniously, expected the public to wax indignant.

But why so? Abraham Lincoln had told off-color stories in the White House. Let us not pretend, ladies and gentlemen of the press, that the sort of men who seek great political power are notable for their chastity of thought and expression. Let us be grateful, rather, when such a rare politician appears among us.

Although it is unreasonable for the public to expect perfection of soul in every candidate for office, still Americans' frequent disapproval of politicians' private pecadilloes is founded upon something sounder than mere prissiness. It is not silly to ask one's self whether a public man, false to his wife, might not play fast and loose with his party and the public interest on convenient occasion. Nor is it absurd to suggest that servitude to what once was called "unnatural vice" might subject a public man to corrupting political pressures.

I offer an illustration of this principle. Some years ago, the character and fitness committee of the Michigan Bar Association was examining a candidate for admission to the bar. It was found that he had once been convicted of rape. The following dialogue occurred:

Examiner: "Why did you rape her?"

Candidate: "The opportunity presented itself, and I took it."

At the very least, it may be legitimately suspected of such an applicant that he might do with a client's money, on opportunity, the sort of thing he had done to the woman.

And so it is with a politician: The public entertains the legitimate presumption that the illicit lust for women's bodies might be paralleled in a public man's soul by an illicit lust for acquiring possessions, what we call cupidity, and by an illicit lust for power, what St. Augustine and Thomas Hobbes called the *libido dominandi*—the lust for power, the appetite for absolute dominion. The public does well to try to safeguard itself against the conjunction of corruption in these three allied forms.

Then why think the American public pharisaical in making amatory decency a condition for election to high office?

If a candidate were notorious for having committed, as a private act, fraud or armed violence, would anybody hold that such private vice is irrelevant to candidacy for a higher public trust? What a person is accustomed to practice in private, he is all too liable to apply to his conduct in public concerns.

A Tyrant's Lust

Public wrath at erotic misconduct by men in power is no new phenomenon. A principal reason for the old Greeks' hatred of tyranny was the tyrant's power to gratify his lust upon the bodies of his subjects. What undid King John and compelled him to sign the Magna Carta was his relish for the wives of his vassals.

And in the present circumstances of society, it is not unhealthy for the electorate to take a hostile view of adultery in high places. The family, which Cicero called the foundation of all other social institutions, notoriously is in a decaying state. If those in high political authority do not stand as tolerable examples of familial loyalty, who will?

Practical politicians, like single men in barracks, don't turn into plaster saints. But to argue that private character bears no relationship to fitness for the exercise of political trust and power—why, many centuries of human experience in community refute that liberal notion.

RUSSELL KIRK *is the author of* The Conservative Mind. *This article is reprinted with permission from* Newsday.

ERNEST W. LEFEVER

"If men were angels," said James Madison, "no government would be necessary." And, we might add, politics would be less complex and more boring. Eighty years ago John Dewey said, "While saints engage in introspection, burly sinners run the world."

Neither Madison nor Dewey was counseling despair. They were merely underscoring the plain truth—all men are sinners and government is not run by angels or saints.

This should come as no surprise to anyone observing the current presidential campaign or, for that matter, to anyone who looks honestly in a mirror. We are all sinners? So what?

The voter should distinguish between those vices and imperfections that bear directly on the behavior of one who holds (or aspires to) high office from those that do not. To speak of vices, we must also speak of virtue. High in the list of virtues essential to statesmanship are wisdom, prudence, integrity, courage, and a commitment to a free and just society. We associate Winston Churchill with these attributes, but even he was not without flaws.

Among the serious character flaws—if a pattern persists—that should disqualify a candidate for president or a

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lesser office are lying, stealing, bribery, and brutality. Little white lies, stealing paper clips, and "bribing" someone with a box of chocolates may be regarded as trivial. Lying on one's resumé, plagiarism, cooking one's income tax returns, or being at either end of a bribe are serious.

It is the absence of integrity—oneness—that disqualifies. But integrity is not enough. It must be buttressed by the courage and wisdom to translate one's commitment to the good society into practical policies. This involves prudence, pragmatism, and a willingness to compromise.

This suggests that there is a quality we call civic virtue that should characterize citizen and statesman alike. Civic virtue must embrace a sense of history and an understanding of the requirements of freedom and decency in the face of a totalitarian challenge.

In practical terms, the citizen should vote for the candidate who is best prepared to support and promote civic virtue. In many cases, such a candidate may have flaws in his personal life and his opponent may be singularly free of such flaws. But the responsible voter must vote policy, not personal perfection. I prefer a burly sinner who supports aid to the Nicaraguan freedom fighters over a saint who supports the Sandinistas.

ERNEST W. LEFEVER *is founding president of the Ethics and Public Policy Center.*

FORREST MCDONALD

In this matter, as on most, I am in accord with Alexander Hamilton. Though he had been personally victimized by a partisan press considerably more vicious than the media are today, Hamilton was nonetheless an effective champion of a free press and of the right of the public to know—within limits. In one of his last and most celebrated cases as an attorney, he defended Harry Croswell, editor of a small upstate New York newspaper. Croswell had printed a charge that Thomas Jefferson had paid a notorious pamphleteer "for calling Washington a traitor, a robber, and a perjurer . . . and for most grossly slandering the private character of men who [Jefferson] well knew were virtuous." Croswell's charge was true, but under the common law truth was not a defense in cases of seditious libel, and Croswell had been convicted.

On appeal to the state supreme court, Hamilton argued that truth must be a defense, because "malicious or mischievous" intent was crucial to determining whether a writing was libelous, and truth was relevant to determining intent. It was not an absolute defense, however. The truth must not be used "wantonly; if for the purpose of disturbing the peace of families; if for relating that which does not appertain to official conduct," there is no right to print and no right of the public to know. But if it is within the domain of what the public should know in order to behave responsibly at the polls—including anything that pertains to the character of a candidate or an officeholder—then the truth should be printable without fear of retribution. If, Hamilton concluded, "you cannot apply this mitigated doctrine . . . you must forever remain ignorant of what your rulers do. I never can think this ought to be; I never did think the truth was a crime; I am glad the day is come in which it is to be decided; for my soul has ever abhorred the thought, that a free man dared not speak the truth."

Library of Congress

Grover Cleveland admitted paternity of illegitimate child and still won the presidency.

Hamilton lost the case, but virtually all the members of the legislature had come to hear his argument, and forthwith a bill was enacted making Hamilton's position the law of the state. Eventually it became the law of the land, forming the legal foundation, firmer than the First Amendment, for the ideal of a press that is both free and responsible.

It must be emphasized that responsibility is quite as important as freedom, and the key to responsibility is truth. Reporters, biographers, historians, and other chroniclers have the right to inquire into the private affairs of public men and women, but only if they report the truth—not half-truths, innuendoes, suspicions. If they record other than the truth, they betray their responsiblity and thereby subvert the justification for the freedom.

FORREST MCDONALD *is the author of* Novus Ordo Seclorum *and the Jefferson Lecturer for 1987.*

ELLEN FRANKEL PAUL

Perhaps *Policy Review's* invitation to reveal my thoughts on "the modern version of the scarlet letter" has uncovered a hideous moral weakness lurking in the innermost recesses of my being, but I must confess that I have rather enjoyed the recent journalistic revelations of the peccadilloes of such public figures as Gary Hart and Joseph Biden. It is always pleasant to see one's ideological adversary unmasked as the mountebank and prevaricator one always suspected that he was, but what if the ox being gored happened to be one of our own?

Certainly, then, the enjoyment would be much diminished, even eviscerated. I can recall quite vividly my horror when all of those stories on Spiro Agnew's bribe taking and rigged contracts—inspired, I had thought, by pure malice against the press's prime tormentor—turned out to be true. Conservatives have had their share of fallen idols, Con-

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gressman Bauman being one of the more recent and saddest examples.

Thus, no one in public life apparently, Left or Right, is immune these days from the scrutiny of the Fourth Estate. Are these tawdry revelations proper, or rather symptomatic of the decay of journalistic ethics and, more generally, of the endless fascination of the American public with scandal, especially of a salacious nature? I must conclude, and this may be a highly idiosyncratic view, that the former is closer to the mark.

Would it be preferable for the press to shield its favorite public figures, each reporter or editor taking upon himself a determination of whether or not to publish information damaging to a public figure? Indeed, this is how the press did function in the not too distant past, with such luminaries as presidents Franklin Roosevelt and John F. Kennedy only posthumously revealed as the philanderers that the Washington press knew them to be in their lifetimes. An informal gentleman's agreement that the moral lapses of those in public office ought not to be exposed to those who elected them seems a far more dangerous ethic than the somewhat seedy one prevailing today, where reporters lurk in bushes in the hope of catching a senator and his paramour.

In Lear's phrase, "Let copulation thrive"—King Lear, that is, not Norman Lear.

—Russell Kirk

Individuals who willingly put themselves forward for high public office deserve all the scrutiny that a free, competitive press can provide. Who can recall a president who ran on a platform of unbalancing the budget even more, or of getting us into war; yet all in recent memory have done the former, and many the latter. The much maligned "character issue," thus, is of much importance, and we need to know if those who offer themselves as candidates for the highest office in the land are liars, plagiarists, hypocrites, or corrupt, because character will determine quite a lot in the way a president handles his office, especially in a crisis.

Outrageous Intrusion

What is unseemly, if not outrageous, is the intrusion of the press into the lives of ordinary citizens faced with catastrophe. Do reporters really need to ask the sole survivor of a fire how she feels as the paramedics remove the bodies of her children from the wreckage? I think not.

As libel law has developed, courts have distinguished between public figures and private individuals. In the case of the former, much more demanding standards must be met by a plaintiff who considers himself defamed, thus making it very difficult to convict any publication of having committed libel. A nonpublic figure must meet less rigorous criteria in order to prevail. What I wish to suggest, is that this distinction from the libel law may be useful in demarcating the permissible from the impermissible in investigative journalism. If someone is, in contrast, a public official or a seeker after public office, he deserves full scrutiny, no holds barred, because he has invited the public to know him and to trust him. For private individuals suddenly thrust forward on the public stage through inadvertence or bad luck, reporters ought to show some self-restraint and respect for these people's privacy. Other public figures—movie stars and the like—deserve the gossip columnists that their publicists so voraciously seek.

ELLEN FRANKEL PAUL *is deputy director of the Social Philosophy and Policy Center at Bowling Green State University.*

ERNEST VAN DEN HAAG

A "public figure" is a person who has volunteered for an elective office, and thus has volunteered to give up his privacy, to allow his life to become public. He may or may not cooperate with the media, which want to scrutinize his life. But the media have a right to scrutinize and publish on their own. And while a public figure is protected by laws against trespass and malicious libel, it is not up to him to determine what part of his life qualifies or disqualifies him for the office he seeks or holds.

The most titillating aspects of a candidate's life—*e.g.* his sexual behavior—are least likely to be relevant to his office. But they are not privileged information. Gary Hart succeeded in making sex relevant. Not because 1) he had affairs (which is neither here nor there), but because 2) he lied about them (which says something relevant about his character), and 3) because his lies were demonstrably lies (which says something important about his judgment. Come to think of it, the lack of restraint and discretion demonstrated by the affairs themselves also does). Do we want a president who, when cornered, lies, and does so even when the lies will be demonstrated in short order to be lies? And who then attacks those who revealed his lying?

Mr. Hart could have refused to discuss the matter. "No comment" is fine when no comment would help. He could have refused to discuss his private life. He probably would still have had to withdraw, but he could have done so with dignity. This is where Judge Ginsburg did better. He preempted what his enemies would have disclosed and withdrew, his veracity, his honor, and his ability to perform his duties unimpaired. He admitted a past lack of judgment thereby showing a current presence of judgment.

The courts have held that persons who do not run for, or hold, public office, may nonetheless become "public figures" enjoying less protection against libel than others do (they have to prove malice) if they voluntarily enter the public arena. If someone publishes a book attacking homosexuality, or upholding the gold standard, it is quite justifiable for the press to point out that the author is a homosexual, or a dealer in gold. But most cases are less clear-cut. I can understand the public curiosity, but not the public interest, in the sex life of a famous actress or baseball player. I should like more protection of privacy here. Yet the "celebrity" often cooperates in these invasions of

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privacy. After all, nobody is compelled to discuss anything with the press. Those who seek favorable publicity, and complain when the publicity turns out to be unfavorable, should have known that they cannot dictate the *kind* of publicity they get.

ERNEST VAN DEN HAAG *is John M. Olin Professor of Jurisprudence and Public Policy at Fordham University.*

PAUL M. WEYRICH

In the current confusion about private lives and sins versus public morality and disclosures, most people talk as if the dilemma were a new one. The fact is, it only seems new because we have largely abandoned our moral rule of thumb for dealing with it. Like all moral guidelines, it is not always easy to apply in practice, but in formula it is fairly simple. This moral standard is found in various forms in various traditions, but as spelled out for us by Jesus Christ, it goes as follows:

> If your brother does something wrong, go and have it out with him alone, between yourselves. If he listens to you, you have won back your brother. If he does not listen, take one or two others with you. But if he refuses to listen to these, report it to the community; and if he refuses to listen to the community, treat him like a pagan or a tax collector.
>
> (Jerusalem Bible, Matt. 18:15-17)

It does not require the faith of a Christian to recognize the wisdom of these words. It might require experience, however. I myself learned the hard way that it serves no good, either for the individual or the community, to overlook or conceal the immorality of public figures. In every case where I thought it best to remain silent so as to avoid division and scandal, subsequent events forced me to rue my decision. Such things have a way of making themselves known, and time usually only serves to exacerbate the situation.

Matthew's Gospel definitely implies that the community has an interest in the private morality of its members. But

Cruikshank

"If your brother does something wrong, go and have it out with him alone, between yourselves." (Matthew)

the rule also respects human weakness and the private nature of that weakness, and gives ample opportunity for offenders to mend their ways before risking public exposure. In short, the application of this rule to our public men and women would ensure that, though they are fallible creatures, they at least hold the same standards and ideals as the community they serve. This is obviously a desideratum: Would we want as senator or president someone we wouldn't trust to baby-sit our children for one evening? Would we choose for the Supreme Court a man we wouldn't hire to do our taxes?

In the present cases, we cannot expect journalists to accept the burden of fraternal correction. The role of the journalist seems to come in when it's time to "report it to the community." But if the rest of us took on the responsibility of charitable and fraternal correction of our colleagues, we would avoid most, if not all, of the newsworthy scandals.

PAUL M. WEYRICH *is president of Free Congress Foundation.*

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BEYOND MR. GRADGRIND

The Case for Deregulating the Public Sector

CONSTANCE HORNER

Some conservatives look at federal bureaucrats in much the same way that Charles Dickens' character Thomas Gradgrind viewed his factory employees in *Hard Times*—as "a bad lot altogether, gentlemen; that, do what you would for them they were never thankful for it, gentlemen; that they never knew what they wanted; that they lived upon the best and bought fresh butter; and insisted on mocha coffee, and rejected all but prime parts of meat, and yet were eternally dissatisfied and unmanageable." The practical consequence of this "Gradgrindism" is that conservatives have been much less enthusiastic about removing paperwork and regulatory burdens from the civil service than they have been about deregulating the private sector. Some have even supported highly centralized new controls on the bureaucracy, despite their opposition to *dirigisme* everywhere else.

But deregulation of the public sector is as important as deregulation of the private sector, and for precisely the same reason: to liberate the entrepreneurial energies of Americans at work. Nearly a quarter of the income of this nation is spent by or through the federal government. It matters a great deal how well or poorly that income is spent. A crisp, decisive, lean, productive civil service, able to decide and act, rather than wait and see, would lead to smaller, more accountable government, allow more resources to remain in the private sector, and also improve the quality of government services.

The government takes in about $2.5 billion a day and spends about $2.9 billion. The federal payroll alone is $84 billion a year, with over $25 billion more in retirement benefit outlays, and almost $9 billion in health and life insurance. No doubt, much of what the federal government does might be better done by the private sector, or in some cases not done at all. But some services are so important that conservatives and liberals alike can agree that they should be provided as effectively as possible, no matter who does the providing.

Consider this short list of civil service positions:

- Nurses caring for patients in experimental cancer research at the National Institutes of Health hospitals;
- SDI research scientists and engineers;
- Customs service agents who intercept drugs at our borders;
- USDA food inspectors insuring the purity of meat and poultry;
- Justice Department criminal investigators probing organized crime;
- EPA employees directing the cleanup of a toxic waste site;
- Social Security clerks processing almost 5 million claims a year;
- Statisticians at the Bureau of Labor Statistics who tell us if employment is going up or down;
- FAA air traffic controllers;
- Park Service rangers who fight fires in our national parks;
- SEC attorneys and auditors monitoring securities transactions to prevent fraud;
- Transportation and nuclear power plant safety inspectors.

The senior bureaucrats charged with these responsibilities, though perhaps somewhat more risk-averse than some private sector managers, are as competent, hard-working, creative, and motivated toward superior performance as any American executives. The problem is that they are trapped in systems that make it unusually difficult for them to perform well. Many struggle heroically for a lifetime against the constraints that prohibit superior accomplishment and keep trying to serve the public, even without recognition. Others give up and become passive processors of paper. But all of them deserve a full-faith effort from political leadership to liberate their energies by removing the barriers to full performance. That means a serious effort to deregulate, simplify, and decentralize public management.

Decisions Bureaucrats Can't Make

The size of the government work force could be substantially reduced if public managers had more flexibility in making basic personnel and purchasing decisions, and if lower paperwork requirements freed them to focus more

CONSTANCE HORNER, *director of the Office of Personnel Management, was formerly associate director for economics and government of the Office of Management and Budget.*

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on the services they are supposed to provide. Let's look at what federal managers can't do because of the tens of thousands of pages of regulations restricting their every move.

Federal managers have little discretion to use pay to reward and retain good employees. As a rule, superior performance goes unrewarded with better pay. Nor does promotion come more swiftly to workers who show superior commitment and talent. Status on the basis of seniority is the dominant ethos of civil service administration.

Federal managers are not allowed to use compensation to attract talent. The starting salaries they offer to outstanding graduates of superior colleges and universities cannot be any higher than those to weaker students from lesser institutions. Managers can't decide how many people to hire, for what jobs, at what salary levels. Except for the Department of Defense, which has been exempted from personnel ceilings by Congress, the Office of Management and Budget (OMB) decides how many people an agency needs (and sometimes where to put them). Sometimes, OMB sets a maximum and Congress a minimum. It would be much better if senior managers could get their appropriated budgets and decide how many people to hire, at what pay levels, to get the job done.

Federal managers consume hours negotiating with agency personnel specialists over the proper placement of jobs and employees in a system that has more than 700 occupations, 18 grades, and 10 steps a grade. There are 74 pages of rules on how much to pay a secretary. Taking disciplinary action means coping with protracted and complex appeals procedures, including agency appeals, union-negotiated arbitration, EEOC determinations, and the federal courts. There is ceaseless disputation.

In one typical case, for example, a postal employee was removed for inability to perform the job. With all the panoply of staff and contending lawyers, the appeal went in sequence for hearings, review, and adjudication to the Merit Systems Protection Board (MSPB), the Equal Employment Opportunity Commission, back to the MSPB, and then to a so-called special panel. The process took more than five years. The employee had worked for the government three years and nine months. And this case didn't include a union-negotiated grievance procedure or a trip to the Federal Appeals Court, which would have added months or years to the process.

Procurement contracts for work and equipment take so long to execute and require so many levels of "clearance" that technology is frequently out of date by the time it arrives or else it doesn't match equipment in other units. Outstanding contractors are lost because they can't wait or don't meet often unreasonable requirements.

The General Services Administration (GSA) has been trying for some time to replace the government's crotchety 25-year-old telephone system. The idea is to save the government about $100 million a year, improve the quality of service, and add much-needed capacity for data-transmission. Attempts to win a preliminary contract for the new system have been thwarted by: 1) the insistence by an influential congressman that the contract be split into parts, 2) investigations into allegations of conflict of interest and criminal misconduct by GSA officials, and 3) a bidding process that was just too complicated to hold the attention of more than a handful of the 70 companies initially expressing interest. The contract may now not even be awarded until the next administration. In the meantime OPM can't get in a phone system able to handle its 8,000 or so inquiries each week about employee retirement benefits.

Federal managers usually have no idea what their budgets are until the fiscal year is almost over. Agency leadership, uncertain over money cutbacks, potential freezes, and so on, must withhold spending until the last minute, or move it around in a kind of agency-wide shell game or check-kiting scheme. And even when agencies know their budgets, managers cannot allocate funds according to their judgment about priorities. Instead, central office-imposed personnel limitations and congressional micro-management join together to govern their decisions in ways that are counterproductive to good administration.

Deregulation of the public sector is as important as deregulation of the private sector, and for precisely the same reason: to liberate the entrepreneurial energies of Americans at work.

The Medusa and the Snail

Each of the rules, regulations, and requirements of the U.S. Civil Service is well intentioned and designed to preclude unfairness or error. Together they have led to an administratively moribund system that disallows the exercise of human judgment and discretion. (The personnel rules alone amount to 6,000 pages—more than the Bible, the Rand McNally World Atlas, the Manhattan Yellow Pages, Robert's Rules of Order, and *A Tale of Two Cities* combined.) Remember the Greek goddess Medusa and her snaky locks—anyone who looked at her would freeze, permanently, into inaction? The systems with which we've surrounded federal line managers are just as convoluted and ugly as those snaky locks, and have much the same effect—one good look at them and government managers lose heart, energy, and will. They lose, thereby, some of their capacity to serve the public well.

Henry David Thoreau once said: "Any fool can make a rule!" It's much harder to *de*regulate. To be effective, public sector managers, like their private sector counterparts, need the power to make key decisions over personnel and budget. They have to be able to move employees from jobs they can't do to ones they can, to award a contract for two weeks' work in less than three months' time, to expend budget on another secretary or another electronic engineer, whichever is more needed, without subjection to

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endless petty harassment by rules and "clearances."

Increased autonomy for career managers is not a threat to political leadership, but rather a complement to its success. The Senior Executive Service (SES)—the top 7,000 executives—provides the prototype for autonomy accompanied by accountability. They sit atop many of the government's largest and most sensitive functions. They are accountable for the implementation of policy to the political leadership of their agencies. If they succeed, they can be awarded large bonuses and advancement. If they fail, they can be removed. A modified regime of the same sort should be implemented throughout the ranks, proportionate to level of responsibility.

Red Tape at the Pentagon

With OPM, the Department of Defense has probably devoted the most serious attention to the problem. Recently, Undersecretary of Defense for Acquisition Robert Costello charged that regulatory red tape and inefficient production practices wasted up to $45 billion, or one-third of the department's yearly acquisition budget. Reacting to the frustration of Defense Department management over rampant waste and to a series of publicized procurement embarrassments (the famous $600 toilet seat), President Reagan created a Blue Ribbon Commission on Defense Management (the "Packard Commission") in 1985. It reported a year later, and many of its findings and recommendations address government-wide management issues. Its findings deal with "national security planning and budgeting, military organization and command, acquisition organization and procedures, and government-industry accountability."

There are 74 pages of rules on how much to pay a secretary.

A leitmotif running through the report was a critique of personnel overregulation:

> Authority for acquisition execution, and accountability for its results, have become vastly diluted. Program managers have in effect been deprived of control over programs. They are confronted instead by never-ending bureaucratic obligations for making reports and gaining approvals that bear no relation to program success.
>
> The nation's defense programs lose far more to inefficient procedures than to fraud and dishonesty. The truly costly problems are those of overcomplicated organization and rigid procedure, not avarice or connivance.
>
> We must give acquisition personnel more authority to do their jobs. If we make it possible for people to do the right thing the first time and allow them to use their common sense, then we believe that the department can get by with far fewer people.

This report is another reflection of the intense interest in reform in recent years within the Department of Defense. On the personnel front, that interest has taken three forms: 1) a major, successful, multi-year experiment, 2) controversial legislation arising from that experiment, developed by OPM and now pending on the Hill, and 3) unilateral administrative reforms by OPM.

Accountability at China Lake

The experiment began in 1980 at two California naval weapons labs, one at the Naval Ocean Systems Center in San Diego and the other at the Naval Weapons Center at China Lake in the Mojave Desert. (It is commonly referred to as the "China Lake" experiment.) The labs were engaged in crucial research and development efforts (development of the Sidewinder and Skipper missiles, as well as research into undersea surveillance and weapons systems and Arctic submarine warfare), yet they were unable to get and keep personnel of the highest quality. Working with OPM, the Navy put in place a new and radically simplified system for defining jobs and hiring, promoting, and paying personnel. The new system put managers more in charge of the work they're accountable for. It is a simple, performance-based, and market-oriented system.

The new system grouped 120 occupational series into a few broad career paths.

It abolished the complex, 180-step general schedule and replaced it with four to six broad pay bands. Managers move strong performers up within these bands or into different jobs without regard to rigid seniority or classification rules.

It replaced complicated, multi-paged position descriptions produced by the personnel office with a short, computerized list of job elements *managers* could use.

It introduced an element of market-based pay at the entry level so managers could compete with the private sector for quality recruits.

It based all pay increases on performance. Performance-related pay is still available in only a limited way elsewhere in the federal government.

These are common, everyday practices in the private sector, but they are revolutionary for the public sector. They are based on two principles historically anathema to government operations but necessary to sound management—relying on human judgment rather than overregulated systems to make decisions; and making clear performance distinctions among workers, with rewards for better work. These are profoundly conservative principles. They recognize that the use of discretion and judgment, the exercise of intelligence and character enlarge human capacities. They recognize that material incentives spur effort and increase productivity.

A Bureaucrat's Nirvana

How has the China Lake experiment worked? Evaluations show resounding success. Management and employee morale are up, recruits have much higher college

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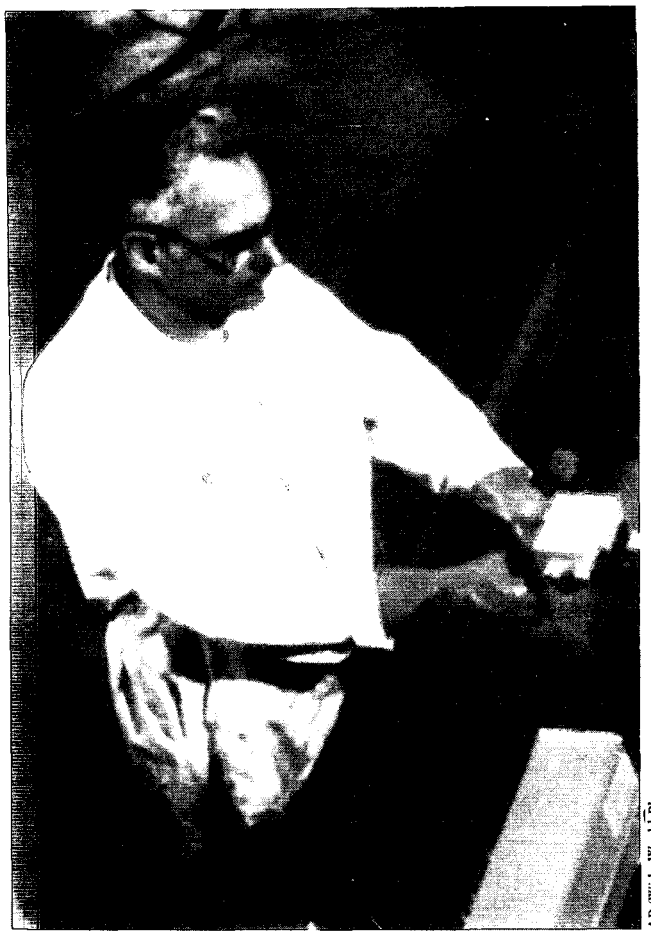

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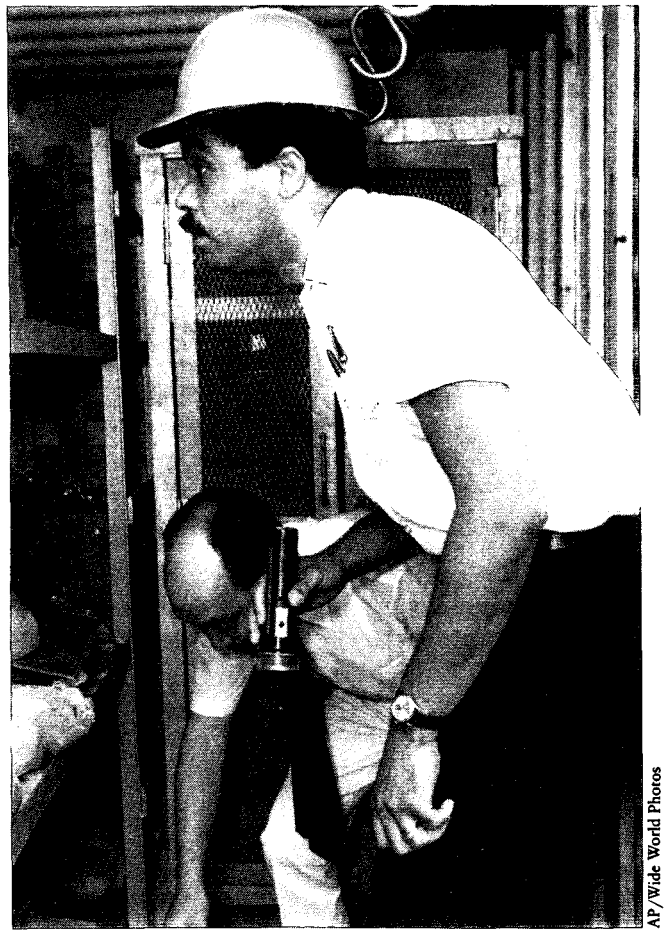

AP/Wide World Photos

Civil Service workers such as SDI engineers and food inspectors need more responsibility and less paperwork.

grade-point averages, managers spend *less* time on personnel matters (although they are making *more* of the decisions), and, most significantly, in increasing numbers strong performers are staying on the job and weak ones are leaving. This is as close to nirvana as a federal manager can get.

Burrell Hays, technical director at China Lake when the experiment was developed, had this to say: "Under the system I grew up with, the first-line supervisor could pass the buck. Now he has to make hard choices. Productivity moves up, the weak worker moves back. We get more efficient and effective use of personnel."

Eva Bien, China Lake's personnel director, is also enthusiastic:

> Both employees and managers have a lot more time to spend on the actual work, rather than taking up time trying to understand a complicated personnel system. They focus on what is important, the actual work. The Navy is getting more productivity for its money. People feel better because they don't have to fight the system. Systems are dynamic. The federal personnel systems stayed stagnant while everything else moved forward. Our R and D work is dynamic, the whole world is dynamic, and the old personnel system is static. Under the new system, we in the personnel office don't have to do battle with the line managers anymore. We speak the same language and move in the same direction.

And Randy Riley, personnel director at the other experimental site in San Diego:

> One of the best parts of this system is that it is a "bottom up" program developed by line managers. After the project began, there was a fairly quick recognition by supervisors that the system worked. . . . The merit pay system . . . gets people interested in their jobs and performance and helps us define our goals and measure progress. . . . The system reduces the manager's paperwork.

This enthusiasm for personnel reform would dramatically increase if similar reforms were undertaken in budget, procurement, and other federal systems.

Managing to Payroll

There are other promising experiments in personnel reform. Last fall, OPM approved an experiment in "productivity gain-sharing" at McClellan Air Force Base in Sacramento. Under this experiment developed jointly by management and labor, rigid job classifications are simplified, allowing workers to move where they are needed, and employee groups are rewarded with bonuses when they save taxpayer money by increasing productivity. The National Bureau of Standards is studying whether a China Lake-type system can attract the scientists and engineers it

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needs in a time when they are in short supply nationally. The Navy, which is exempted from arbitrary personnel ceilings, is now trying the concept of "managing to payroll," that is, allowing line managers to decide the number and mix of staff needed to get the job done within the budget.

While we cannot put "China Lake" into effect government-wide without legislation, OPM is engaged in major administrative simplifications and delegations that place responsibility for decisions in the hands of senior civil servants, decentralize decision-making (with central management agencies assuming more of an oversight role), and allow greater latitude for the exercise of judgment in decision-making. OPM has recently increased the delegation of hiring authority from itself to the agencies; it has allowed agencies to waive rigid qualification rules when they want to move employees from one job to another; and it is experimenting with broad, generic job standards that allow line managers, rather than central personnel staffs, to classify positions. Literally hundreds of restrictions and requirements have been waived, simplified, or delegated.

Unless we change the government's ways of doing business, it will eventually attract only the less able among the American work force.

How can we characterize the impact of these changes? They save an extraordinary amount of time. Through better technology and decentralization (optical scanners for tests and direct hire authority for agencies), OPM has cut the hiring process for a secretary, for example, from eight weeks to one day. These broad changes prevent all the warping of common sense that occurs when rules override judgment, or when decisions are made by distant regulatory overseers rather than by those who are affected by the results.

Congressional Micro-Management

There is opposition to these changes and to proposed further change, coming largely from federal employee union leadership and reflected in congressional refusal to date to act on the president's bill to institute the "China Lake" reforms throughout government. Members of both parties micro-manage agencies to the detriment of prudent management, let alone reform, in order to protect constituent interests and, therefore, votes. (One tiny example of the obvious: I tried to consolidate three scattered and less-than-effective federal training installations into one well-managed site, but one of those installations was in Congresswoman Pat Schroeder's district in Denver. She got an appropriations bill rider passed prohibiting the consolidation.)

If decisions are decentralized it is more difficult for the Congress to engage in its customary micro-management. If advancement and pay for employees are based on performance, management is made more powerful. If rules are simplified, there are fewer opportunities for the disputatious and litigious to challenge management action based on procedural "errors." The proposed changes, of course, would be undesirable if they destroyed congressional oversight, allowed managers rampant opportunity for abuse of employees, or removed necessary employee protections. They do none of these things. They merely correct excesses that have developed over decades by applying successful private sector management practices to the public sector. Especially, they treat employees, from top to bottom, like the grown ups they are.

The Reagan administration, like its predecessor, came into office with very little confidence in the career service—in either its impartiality or competence. On both counts, the administration was partly right. There were regulatory zealots and undisciplined policy advocates within the federal ranks. But they were relatively few in number, even though they were thought to constitute a majority of the federal work force.

As former Secretary of the Interior James Watt wrote in the winter 1988 issue of *Policy Review:* "Bureaucratic opposition was generally not a reason for political failure in the administration; the main reason was usually a lack of political leadership."

The Danger of Incompetence

What remains is a potentially far more serious threat than ideology—incompetence. This threat is now only a cloud on the horizon. But unless we change the government's ways of doing business, it will eventually attract only the less able among the American work force. Good managers and professionals will not remain at jobs that give them only a passive role. They want to work where their strongest talents can be used, their efforts rewarded, and their intelligence and judgment allowed to influence decisions regarding production, service, and quality.

We know from the private sector that trimming corporate staffs and giving line managers more decision-making flexibility can increase performance and accountability. All the great management books—from Peter Drucker to Tom Peters—say procedures should be simple, paperwork should be kept at a minimum, and line managers should have the tools they need to get their jobs done.

Political and intellectual circles often emphasize the importance to democratic government of institutions such as the presidency, the political parties, and the Congress. Little, if any, attention is paid to the Civil Service. Yet, like political parties or the judiciary, it is a basic component of democratic government. If the Civil Service performs competently and is amenable to political leadership, democratic governance is strengthened. Labor and socialist governments, such as Australia's and Spain's, look to our civil service as a model for overcoming paralysis of will and purpose in their public sectors. New or fragile democracies look to us for reassurance that they, too, can have a civil service that is responsive and incorruptible and that serves the public interest with honor and pride. But without change in the way we manage our civil service, time is not on the side of democracy, for them—or for us. ☎

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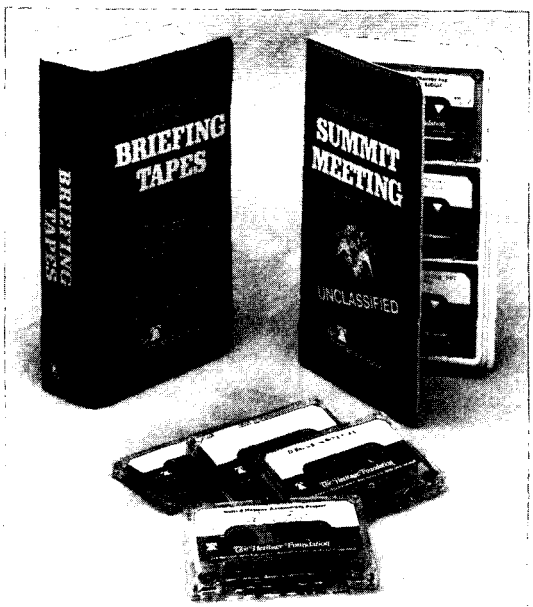

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BRAVE NEW WORLD

How Day-Care Harms Children

KARL ZINSMEISTER

A rapidly growing share of America's children are being raised by hired workers, by substitute parents. Although most families still make arrangements so that either the mother or the father can stay home with very young children, every year more and more youngsters are handed over to caretakers, at a younger age, and for longer hours. While no one has any idea what the ultimate outcome of this giant experiment in proxy child-rearing will be, there is growing evidence that the long-term emotional, intellectual, and cultural effects will be unhappy.

The prospect of a "professionalization" of parenting has long disturbed some observers. One of the earliest cries of caution can be found in George Orwell's *1984*—which describes a future in which the state takes over the child-rearing functions of the family, with a resulting disappearance of close and intimate human bonds. Only among the ragged, sentimental, tradition-bound "proles" are children still raised by their parents. This primitive social practice makes proles hopelessly uncompetitive with the professional class that has come to rule the earth. It is also only among the proles that inefficient human traits such as loyalty, altruism, humor, and love continue to thrive.

Not everyone worries that public child-care will be harmful to society, however. In her pioneering book *A Lesser Life*, feminist Sylvia Ann Hewlett lodges a fierce protest against "the misguided notion that governments cannot and should not help provide a substitute for mother love and mother care," which she considers one of the last great barriers to economic and social advancement by American women.

Yale psychologist Edward Zigler has called for turning the public schools into full-service institutions that would relieve the family of many of its traditional obligations. In the future, he urges, public schools should take over care of all children three and older, and play "a large role" in looking after infants as well. School buildings should open earlier and close much later, including on all vacations, so that parents who work could leave any child, from newborn on up, at the local school all day.

At present, day-care takes many forms, ranging from a live-in nanny to a large center located near a major highway exit. Nearly half of all mothers of preschool children are employed. As of the latest Census Bureau survey in the winter of 1984, their children were cared for as follows: 40 percent were tended by a relative, including the father; another 8 percent were taken care of by the mother while she worked, either at home or elsewhere; the rest were looked after by outsiders, with equal numbers in homes and in day-care centers.

The arrangement growing fastest is institutional care. Just from 1982 to 1984 the fraction of preschoolers in day-care centers went up 56 percent. By now, probably a third or more of all young children of working mothers are in centers, and the total is rising fast. Both advocates and opponents view group care in large, state-licensed and -regulated centers as the wave of the future.

This mass surrender of child-rearing responsibilities to nonrelatives—particularly to the state or other institutions—marks a profound change in human history. It represents the final victory of the industrial revolution: the industrialization of the family. From a purely economic point of view, having talented individuals leave the labor force for considerable blocks of time to rear their offspring is wasteful. The ultimate application of the principle of division of labor demands that the "job" of humanizing, acculturating, and morally educating our progeny be assigned to paid workers. If the results of industrialized child-rearing occasionally resemble Henry Ford's original assembly line, it should not be entirely unexpected.

Frighteningly Empty

In her book *A Mother's Work*, Deborah Fallows presents an unusual journalistic account of typical days in a wide variety of day-care centers. For more than a year and a half, she spent hundreds of hours in dozens of centers in Massachusetts, Texas, Maryland, and Washington, D.C. While Fallows discovered no abuse, little dirt, and adequate physical conditions in most centers, she nonetheless found the average child's experience to be frighteningly empty. This was a fairly typical visit:

KARL ZINSMEISTER *is an adjunct research associate at the American Enterprise Institute. This article is excerpted from his book-in-progress* The Child Proof Society: Are Americans Losing Interest in the Next Generation? *Mr. Zinsmeister works at home.*

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Not as supercalifragilistic as originally thought.

I settled into an inconspicuous corner of the room and began to watch the children. . . . Often, one child would attach himself to me—maybe going off for a few minutes but always coming back to say a few words . . . point to a shoe that needed tying . . . or show me his tummy.

The teacher watching the children tried her hardest, ad-libbing her way from one activity to the next. She put on a record and started to dance. One little blond boy started dancing along with her. A few others joined the group. Five or six gathered by some swinging cabinet doors that formed the partition between the play area and the rest of the room. One little girl sat by herself, crying softly in the corner. The rest wandered around. . . .

She gave up records then and tried reading a story. The same few eager dancers moved right in to listen, while the rest kept on swinging on the cabinet doors or aimlessly wandering. The little girl was still crying in her corner. After a short story, the teacher opened the large cabinet and pulled out some puppets. This immediately attracted the largest crowd of the morning. All but a few rushed right over to watch the show. But the brilliance of the idea dimmed after several moments. As her impromptu story line weakened, the toddlers drifted back to their swinging doors and wandering, shuffling their feet, chasing back and forth. . . .

Here as at other centers I visited, you could almost feel the morning driving itself toward the grand finale—lunch.

In a day-care setting there is much rigidity and few surprises—standardization is the key to efficiency. There is even a uniform emotional environment, with scant room for individual expression; Fallows describes it as a constant "on" atmosphere, where charged hubbub leaves little time for children to muse, and where the pressure of numbers pushes even gentle and reserved children to react constantly.

Grace saying, coat donning, one-at-a-time hand washing—these become exhausting trials in depersonalization. Fallows gives wrenching descriptions of children referred to as "hey little girl," of activities that cater to the group average but leave the quiet children behind. She describes desperate notes sent in with youngsters by their parents pleading for extra attention and special comfort. There is much tedium, much bewilderment, many unconsoled tears, tired teachers doing what they can to get by, a lack of individualization in the best cases, no one really caring in the worst.

Wandering Aimlessly

While day-care provided in homes tends to be less impersonal than the center-based variety, it also has many problems. For one, there will never be enough individuals willing to take children into their homes, or to go to other people's houses, to accommodate the demand. It is most often the elderly, young girls, and illegal immigrants who are willing to accept such a role today. And, although home-based care has the potential to be the healthiest kind for children, it is also where the most dangerous abuses occur. Conditions are extremely uneven and often difficult to assess.

Writer and mother Linda Burton encountered some of

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these problems when she began searching for home-based day-care:

> In one instance, I found the "absolutely marvelous" family day-care provider, recommended by trusted friends, sleeping on her sofa while eleven children (she had informed me that she only cared for five children) wandered aimlessly around in front of the blaring TV. Another time, on an unannounced visit, I found that the "highly recommended" licensed day-care provider confined seven preschoolers to her tiny dining room. I found them huddled together, leaning over a barricade to watch a TV program showing in the adjacent room.

These are not unusual experiences. One hears similar tales constantly when talking with parents today. Advocates say that quality-of-care problems could be eliminated just by requiring more licensing of day-care providers. The problem is, there are already lots of fully regulated—and fully disappointing—homes and centers out there.

The researchers concluded that many infants interpret repeated daily separations from their working mother as rejection, which they cope with by "avoidance."

Even the gold standard of day-care—a nanny-type arrangement in the child's own home—has serious problems. The most common is frequent turnover among caregivers, which can cause emotional disruptions for the child.

More fundamentally, it appears that whether the day-care takes place in a center, a private house, or at home, the risks to the child's intellectual and emotional development are not terribly different. The latest research confirms that serious problems can arise anytime one substitutes a paid relationship for the natural parent-child bond.

The Evidence Against

Research on substitute parenting's effects on children is notoriously thin. The pioneering work was done by the English psychologist John Bowlby after World War II. He found that war orphans raised in institutions with good physical conditions but relatively little love or personal attention were badly stunted by the experience. These findings startled authorities, but based as they were on complete rather than partial parental deprivation, they were not applied directly to day-care.

When, in the mid-1960s, demand for day-care began to rise, a quick flurry of studies suggested that nonparental care did children no harm and might actually be good for children in deprived environments. But, as the field began to mature and a younger generation of more agnostic investigators took over from the true believing pioneers, revisionist schools began to spring up.

Today, there are still relatively few good long-term studies, and research remains biased toward the best centers. As one professor puts it, "the lousy centers won't let a researcher near the place." And like so much social science investigation, there is always the risk of confusing the quantifiable with the significant. Much of what we need to know in this area is very hard to measure. But we are beginning to get some more sophisticated research. And it is no longer clear that day-care is good, or even neutral in its effects. Quite the contrary.

Belsky's About-Face

Child psychologist Jay Belsky of Pennsylvania State University, coauthor of the definitive review of the 1970s research, was viewed as one of the nation's leading defenders of full-time day-care for most of the last decade. Then in September, 1986, he published a landmark article in the bulletin of the National Center for Clinical Infant Programs that expressed serious concern over a "slow, steady trickle" of accumulating evidence that contradicted the view that day-care did not affect child development. The more recent studies, Belsky pointed out, looked more closely at such factors as age, gender, and amount of time spent separated from parents, and focused more on typical care-givers than earlier studies had. And they showed, Belsky said, two worrisome trends.

First, when babies less than one year old are placed in day-care, many of them develop weak and insecure bonds with their parents, bonds that are crucial to intellectual and emotional development. Weak parental bonds were found in poor children and upper-middle-class children in day-care, in children who attended good centers and bad centers, and in children who had high quality nanny-type care in their own home. "Whether it's a day-care center or a baby-sitter doesn't seem to matter," Belsky reports. Second, several different follow-up studies of children up to 10 years old show that among those with a record of early nonparental care there is more serious aggression—kicking, fighting—less cooperation, less tolerance of frustration, more misbehavior, and a pattern of social withdrawal.

Given his high profile, sterling credentials, and history of day-care advocacy, Belsky's review touched off a massive controversy, with rebuttals from some academics and heated attacks from feminists and day-care partisans. Belsky followed it up with a new study of his own, which found that nearly half of the children who started 20 hours a week or more of substitute care before they were one year old developed noticeably insecure attachments to their mothers, as measured by a standard scored psychological test. Belsky now urges that, if at all possible, a parent stay home with children less than two years old, and calls for government help to make that easier.

Even children in extremely expensive in-home care are at risk. A study by psychiatrist Peter Barglow of Michael Reese Hospital in Chicago and colleagues examined 110 children of affluent intact families. Half were cared for full-time by a parent, half had stable, high quality in-home caretakers because both parents worked. The hired care

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began at eight months or earlier. Half of the substitute care infants developed only weak attachments to their mothers. The researchers concluded that many infants interpret repeated daily separations from their working mother as rejection, which they cope with by "avoidance," or turning off what has become painful. "Is the mother by far the best caretaker for the child in the first year?" asks Barglow. "We think probably yes."

Another study of five to six year olds who had spent part of their first years at the University of North Carolina's highly regarded day-care center found them more likely to hit, push, kick, threaten, swear, and argue than their parent-raised counterparts. UNC psychologist Ron Haskins described the 1985 findings as "a caution light."

The argument is hardly closed. Some long-time defenders such as Jerome Kagan continue to claim that day-care's effects on children are neutral. But clearly the findings of the last few years give reason to hesitate in our headlong plunge toward child-raising by hire.

Warnings from the Experts

The recent research casting doubt on day-care is consistent with the views of pediatricians, child psychologists, and educational theorists. Among such child specialists, there has long been broad sentiment that any significant amount of nonparental care for very young children is unhealthy and to be avoided where possible. According to psychologist Claire Etaugh (a day-care advocate), of the 20 most influential child-care books published in the 1970s, only seven approve even grudgingly of both parents working while they have young children.

Penelope Leach, the British psychologist and author of perhaps the most influential child-raising handbook in America at the moment, *Your Baby and Child,* is a leading opponent of the trans-Atlantic trend toward mothers leaving their small children to go off to jobs. She speaks out regularly against group care for the very young, insisting that babies need the concentrated attention of their parents for at least two years. Someone caring for a child out of love will do a better job than someone doing it for pay, she argues, and social arrangements should aim to make full-time parenting easier.

Dr. Benjamin Spock has for years opposed infant day-care. Despite a good deal of backtracking in successive editions of *Baby and Child Care* in response to criticism from feminists, he still points out that "even at six months babies will become seriously depressed, losing their smile, their appetite, their interest in things and people, if the parent who has cared for them disappears. . . . Small children . . . may lose some of their capacity to love or trust deeply, as if it's too painful to be disappointed again and again." He adds, "It is stressful to children to have to cope with groups, with strangers, with people outside the family. That has emotional effects, and, if the deprivation of security is at all marked, it will have intellectual effects, too." Until a child is three, Spock now argues, he needs individualized care from the same person. Only in certain cases where the day-care fits that description fully can it substitute "pretty well" for parental care.

Burton White, the renowned educational psychologist and director of the Harvard Preschool Project, has also written explicitly on the subject of nonparental care. "After more than 20 years of research on how children develop well," he says, "I would not think of putting a child of my own into any substitute care program on a full-time basis, especially a center-based program." He suggests that parents not use substitute care at all except for occasional baby-sitting during the first six months of a child's life. From six months to three years of age, White says, the parent can use some part-time child-care, but the child should spend most of his waking time with a parent or grandparent. He concludes, "Unless you have a very good reason, I urge you not to delegate the primary child-rearing task to anyone else during your child's first three years of life. . . . Babies form their first human attachment only once. Babies begin to learn language only once. . . . The outcomes of these processes play a major role in shaping the future of each new child."

"I would not think of putting a child of my own into any substitute care program on a full-time basis, especially a center-based program."
—Burton White

Child psychologist Lee Salk argues that "no one can replace the mother if she must work." Educational theorist Selma Fraiberg says that regular absences by the mother are damaging for children under three. Only from ages three to six, she states, can most children profit from a half day in high-quality group care. But even then, she writes,"There is a consensus among preschool educators that the benefits of a good preschool program diminish or are even cancelled when the school day is prolonged to six hours or beyond."

The medical establishment, too, has voiced reservations about day-care. The American Medical Association warned in 1983 that day-care centers—where drooling, diapered, toy-sucking infants put their fingers in their mouths an average of every three minutes—were becoming dangerous sources of infections and disease. According to the Centers for Disease Control and other authorities day-care centers are responsible for rising levels of diar-

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rhea, dysentery, giardiasis, epidemic jaundice, hepatitis A, infectious diseases of the inner ear, and cytomegalovirus (CMV) infection.

Many of the germs thus met would eventually have entered the child's system anyway at a later age. But given that a baby's immune system is not well developed until the third month, and not fully effective until about age two, early exposure can be risky. (And if CMV is brought home to a pregnant mother it can be very dangerous.) The standing recommendation of the American Academy of Pediatrics and the Centers for Disease Control is that all children under two should be cared for only with their siblings. When that is impossible, they recommend that no more than six children, from no more than three families, be grouped together.

Even the gold standard of day-care—a nanny-type arrangement in the child's own home—has serious problems. The most common is frequent turnover among caregivers, which can cause emotional disruptions for the child.

The Magic Bullet

At some point in the 1960s or '70s, American parents were promised a magic bullet that would make day-care workable. "Quality time," it was called. It didn't matter how much time you spent with your child, the argument went, so long as what time you did spend was "quality."

In their recently published book *Quality Parenting*, Linda Albert and Michael Popkin assure parents that they can "transform ordinary moments into encounters that, like a healthy diet high in natural foods and vitamins, sustain kids throughout the day when you have to be busy elsewhere."

This runs against all credibility. Anyone who denies that time, physical presence, and intensive one-on-one nurture are important to children denies every truism of human development research.

It is particularly ironic today, when parents are otherwise so receptive to the idea that small attentions early in life can make a large difference. The emphasis on starting out right leads many couples to insist on natural childbirth. Nearly every modern parent considers it essential to hold their baby in the first minutes after birth, lest he "bond" to an incubator instead of a human. Some maintain that the first day, or first six weeks, or first four months (depending on your guru) are an absolutely critical period for establishing parent-child ties. Yet some of these same parents then hand their still-pink infant for most of his waking hours to someone they're paying $5 an hour.

Some of us have been convinced that it is not necessary to actually talk to, hold, cuddle, teach, and comfort our babies ourselves. We parents will just pick out the activities and the setting, the clothes, toys, schedule, and diet. We will set the *tone* for the child's life, while leaving most of the actual rearing to our sitters and housekeepers.

New Skills for Old Love

Though experts tell us there is no substitute for parental time and attention, conscientious day-care providers do try to compensate. Most caretakers insist they're "not just baby-sitting," but providing valuable training. In impressive clinical language, directors describe their attention to "gross and fine motor skills," to "good self-concept," and "enhanced creativity."

Day-care children, to be sure, often start out ahead of their home-raised peers in things like knowing the alphabet when they begin kindergarten. But does this amount to anything? Kids under age four, experts tell us, are not capable of much "achievement." In fact, formal education in those years can actually do harm, particularly if it is demanding or competitive. Many authorities now say that until a youngster is about five, little more than creative play ought to be solicited from him.

When children are young, it is important that their environment comply to their needs, rather than the reverse. Fraiberg points out in *The Magic Years* that "it is only in the minds of adults that childhood is a paradise, a time of innocence and serene joy." In truth, she says, the early years are often full of fearful puzzles. What the young want, urgently need, is not education, but the affection and unhurried attention of their parents.

Of course, love is not easily bought. Institutions can't hope to offer it. Only in a few rare instances can extraordinary individuals offer a child in day-care this love and personal attention he craves. A majority of caretakers are conscientious, and try to substitute for the missing parents, but fail anyway, for any number of reasons. One problem is sheer numbers—a single caretaker typically looks after from four to 15 children, depending on their age and the setting.

Another is continuity. Child developmentalists tell us that rapid shuffling of guardians is extremely traumatizing to a small child. (That is, until they learn not to get attached to any care-giver.) If a child is unable to develop secure adult attachments in the first three or four years, he can grow up simply not caring for anyone's approval and lacking any sense of accountability. Yet it is not uncommon for parents to change child-care providers two or three times a year (bad experience, sickness, child gets too old for that group, etc.).

Even if the parents and child stay put, the provider may move out from underneath them. The average child-care program in New York state has a 40 percent annual turnover rate among its teachers. Many parents have found an acceptable care provider after a long search only to lose her. Left for a new job. Got married. Deported by the immigration service. Au pair goes home.

But the deepest problem with paid child-rearing is that someone is being asked to do for money what very few of

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us are able to do for any reason other than love. Competent and safe baby-sitting, that is not so hard to hire. What will always be difficult is finding people who feel such affinity with the child that they will go out of their way to do the tiny precious things that make children thrive—giving a reason why rather than just saying no, rewarding a small triumph with a joyful expression, risking a tantrum to correct a small habit that could be overlooked but would be better resolved, showering unqualified devotion.

Ultimately, a child and a paid caretaker don't really share very much. Their relationship is commercial, temporary, practical. As one woman, a professional social worker who tended a friend's child in her home along with her own daughter, admitted to *Parenting* magazine, "I cuddle and kiss and hug this child, but the feeling is just not there." The experience of taking care of another woman's baby has convinced her that "nobody is going to provide my child with as much love as I can." The truth is, it is unfair to dutiful day-care providers to hold them to parental standards of child-rearing. A child and a parent are bound eternally, by blood and destiny. A day-care worker is doing a job. If he or she manages simply to be a kind friend to the youngster and a reliable guardian of his safety, that is all anyone ought to expect. Giving the child the rest of what he needs—a self-image, a moral standard, life ambitions, and a sense of permanent love—is too much to ask of anyone other than the parents.

Mothers Emulating Fathers

For years, one of the most cogent criticisms of American sex roles and economic arrangements has been the argument that many fathers get so wrapped up in earning and doing at the workplace that they become dehumanized, losing interest in the intimate joys of family life and failing to participate fairly in domestic responsibilities. Now it appears that workaholism and family dereliction have become equal opportunity diseases, striking mothers as much as fathers. At a recent conference on children, day-care campaigner Sylvia Hewlett told an anecdote about her efforts to convince the national accounting firm Arthur Andersen to institute a day-care policy because 40 percent of Andersen's professionals are women. Nearly all of these women, Hewlett pointed out, work "60 hours a week." It is essential, she argued, that programs be put into place so that after delivering their babies these hardworking employees can keep on in their jobs just as before. Apparently, Arthur Andersen's executives saw the business value in the plan and accepted her proposal. But what kind of human society are we becoming when we encourage new parents to hold "60-hour-a-week" jobs?

One of the giant obstacles to good day-care ever being more than a happy exception is that while all parents *want* good quality child-care, far fewer are willing to provide it. Linda Burton describes the moment she recognized the root of the dilemma:

> While I—and most of my friends—were saying our minds were "too good" to stay at home and raise our children, none of us ever asked the question, "Then what sorts of minds *should* be raising our children—minds that were *not* very good?"

"Even at six months babies will become seriously depressed, losing their smile, their appetite, their interest in things and people if the parent who has cared for them disappears."

—Benjamin Spock

> My carefully worded advertisements for child-care literally came back to haunt me.... I wanted someone who would encourage my children's creativity, take them on interesting outings, answer all their little questions, and rock them to sleep. I wanted someone who would be a "part of the family."
>
> Slowly, painfully, after really thinking about what I wanted for my children and rewriting advertisement after advertisement, I came to the stunning realization that the person I was looking for was right under my nose. I had been desperately trying to hire me.

The quest for a humane child-rearing system is more than an engineering problem. It is a values problem. So long as we continue to debase parenting, only the debased will be willing to take it on. So long as people perversely want what they are not willing themselves to give, there can be no solution. The only way out of the natural shortage of good child-care is for every parent to devote more of his own time to his children, instead of hunting frantically, and quixotically, for more and better hired care.

Backdoor Networks

There is presently a broad consensus that women as much as men thrive when they are able to take a wide, active role in the world. Increased female education and employment are, on the whole, powerful and positive developments in American life.

But whatever expansive new roles women have taken on in the last three or four decades, they are emphatically *not* interested in relinquishing the old ones. Women still want husbands and they still want to be mothers. They are taking on heavy added responsibilities without rejecting

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Penelope Leach wants allowances from the state for parents who stay at home to raise their small children.

their traditional imperatives. Unfortunately, the experiment in forging new roles for women has taken place (not coincidentally) in one of the most self-interested eras in American history (the "me decades"). Rising egoism is compounded by a simultaneous collapse of traditional systems of parental burden sharing. Often inadvertently, we have kicked out a lot of the social supports that used to undergird child-raising in this country—decent public schools in the cities, strong "backdoor" networks among parents, extended families and relatives nearby to help out, a safe public environment that allowed children to play outdoors without supervision. While the rise of substitute parenting on a mass scale in some ways signals a socialization or public takeover of the structure of parenting, on a deeper level the last decades have seen a sharp and unhealthy privatization of child-rearing responsibilities. We have to a large extent washed our hands of the idea of children as a common treasure.

Surveys show a tremendous decline since the 1950s in the social prestige accorded to parents. Most parents still find the personal satisfactions tangible, immediate, even overwhelming. But with collective approval and cultural rewards evaporating, rearing a child is on one level much less satisfying than it once was, for women in particular. Today, women are more likely to be admired and appreciated for launching a catchy new ad campaign for toothpaste than they are for nurturing and shaping an original personality.

The past three decades have also brought widespread abandonment of children by their fathers—an era of high illegitimacy and extensive no-fault divorce. Many mothers at some point face economic demands with no spouse present. As a result, some are understandably reluctant to endanger their job market value by partly or temporarily withdrawing from the labor force. Meanwhile, most fathers remain unwilling to stay home with their young children, and few absent fathers pay adequate child support.

How to Stay at Home

We know that children benefit greatly—intellectually and emotionally—from parental attention. There is no "sound barrier," no moment when children suddenly stop needing their mothers and fathers. But at a minimum, experts counsel, we ought to aim for a situation where one or the other parent is devoting most of his time to the child until he is about three years old.

That could mean parents working at staggered intervals and alternating at child-care. More likely, it will lead to one parent working full-time and one working irregularly or not at all until the child enters part-time nursery school or kindergarten. (Which there is no reason to discourage. It appears that once they are about three, most children can benefit from the socialization of a few hours of nursery school two or three times a week.) The practice that many American parents already follow—incrementally increasing their participation in the paid labor force as the youngest child begins attending some school—seems to be sound. Parents and children both can benefit from an increase in family income. If parents find work stimulating, their satisfaction and confidence will overflow into the family. But these benefits disappear if work begins to cut into the child's time at home.

It will not be particularly easy for all families to work out, but to the extent we can assist, educate, enjoin, accommodate, and inform, we ought to work toward a policy of maximal parental care in the preschool years. In fact, that is what we still have in a majority of families. Figures from the Bureau of Labor Statistics show that today 55 percent of all mothers with children under three are *not* working. And of those who do work, one-third work only part-time. Moreover, some of the full-timers work only seasonally or part of the year. The bottom line: despite sharp increases in female labor force participation, three out of four mothers with young children still either do not work at all or work only part-time or seasonally. Despite the pressures, most Americans still think it is important to arrange their lives so that they can be with their children when they are very young.

Second-Choice Solutions

For reasons most parents already sense, paid day-care ought to be a distinct second choice, and group day-care in institutions a last alternative. For some children, day-care seems satisfactory. But few youngsters thrive in it, and some very large fraction—quite possibly most—are stunted in some way if they are forced to spend more than a few hours a day in their early years in nonparental care. Where full-time day-care can't be eliminated, we at least ought to shorten its duration (for instance by working shorter hours, using caretakers close to home or job site, or having parents stagger their times of employment so that one can drop off the child late and the other pick him up early). And the longer nonparental care can be delayed, the less likely it is to do harm.

Having a child cared for in the home of a friend or neighbor is usually preferable to a center, because the setting is more familial and the care is usually more personal and less rigidly structured. Having a relative come into your own home is even better. The setting is familiar

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to the child, and a grandparent or aunt or cousin, while not a parent, is at least a familiar, permanent presence in the child's life, strongly tied to the parents, and someone from whom a warmer than normal level of concern can be expected. No doubt, hired day-care will always exist as a necessary evil used by some hopefully small number of parents. But owing to its inherent and intractable disadvantages, public policies ought to avoid as a matter of principle any endorsement or subsidization of full-time nonparental care for infants and toddlers.

Public Policy Changes

We instead ought to offer substantial new assistance to those—particularly single mothers and low-income married couples—who feel they have little alternative to placing their children in group care. Single parents are the group with the meagerest financial condition, the least choice in the structuring of their home arrangements. Yet 64 percent of divorced, widowed, separated, and unmarried mothers stay at home with their children while they are under three. (Another 9 percent work only part-time.) Many scrape along living with relatives, collecting child support, drawing on Social Security and AFDC, and consuming savings until the child is old enough for the mother to work.

We ought to change the laws and habits that prevent many parents who would like to from working at home. Writer Nancy Pearcey points out that, once, "the home was the center of society, both socially and economically. A woman could raise a family and still take part in other interesting activities . . . because they took place in or near the home." After industrialization, however, the home was reduced to a passive adjunct. Woman's role was reduced, while man's role was enhanced by the development of the money economy.

Thanks to new technology and services, the rebirth and refinement of domestic industry is both possible and desirable. Whether in business for oneself, doing piece work on contract, or connected to an office by computer modem, there is much productive, interesting, and well-paying work that can now be done easily at home. We ought to stop sacrificing the needs of parents and children to the special interests of trade unions (who oppose home work) and some employers, and repeal the antiquated provisions that inhibit further decentralization of the workplace.

We also ought to relieve the tax burden on parents who opt to stay home with their children. Larger exemptions for young children and for caretaking expenses should be considered. And the bias that forbids nonworkers from making as big a tax-free contribution to their IRA as workers are allowed should be rectified.

We should encourage employers to institute more flex-

The Old Woman Who Lived in a Shoe by Jessie Wilcox Smith

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time, good part-time employment, job sharing, and "take out" work, so that parents who work can arrange their schedules to spend more time with their children. Part-time working parents make excellent, responsible employees, and, entering an era of critical labor shortages, it is in the interest of companies as well as workers to bring these talented individuals into the labor force on their terms. A more fluid, less rigid job market, which has been evolving in this country for years anyway, will improve both efficiency and worker satisfaction.

Today, women are more likely to be admired and appreciated for launching a catchy new ad campaign for toothpaste than they are for nurturing and shaping an original personality.

We ought to support other forms of family care for children, for instance by grandparents. Perhaps tax credits could be allowed for parents who want to house a grandparent or other relative who would care for the child. Perhaps most important, fathers as much as mothers ought to feel responsible for daily supervision and guidance of their children, as they are slowly beginning to.

More Ambitious Proposals

Some call for more ambitious programs that would establish a system of comprehensive support for all parents. Penelope Leach argues that the early years of child-care should be treated as a distinct phase of life, as education and retirement are treated, and that a parent who stays at home to raise a young child should receive an allowance from the state. She has called for a program that would allow one parent to stay home full-time through the child's first two years, then provide retraining to assist a gradual return to work if desired.

Allan Carlson of the Rockford Institute proposes that we improve our economic treatment of parents. He calls for four alterations of tax and social policy: doubling the tax exemption for children only, providing a $600 annual tax credit for each child, as well as an extra $600 allowance in the year of a child's birth, and converting the current child-care credit into a universal $500 credit available to all parents, whether they pay for care or provide it themselves. For a married couple, for example, with three small children and an income of $25,000, this plan would allow them to retain up to $4,300 more of their earned income.

This program shifts the tax burden away from families with young children and toward individuals without child-raising responsibilities, returning us to the conditions of the post-World War II era, when families were largely exempt from taxation. Its revenue costs could be manipulated within a broad range, for instance by altering the age at which children no longer qualify.

Damage by Day-Care Lobby

Today, all of the aggressive efforts of the increasingly powerful day-care lobby head in the wrong direction. Day-care activists insist that encouraging new parents to stay at home is "absurd." Working parents are "a reality." Stay-at-home parents are "dinosaurs."

The advocates implicitly discourage the form of day-care that is least likely to be harmful—informal care in a neighbor's or friend's home—on the grounds that it is not standardized and regulated, not professional enough. The fundamental push of day-care advocacy today is away from the personal, the small, and the impromptu and toward the big, regulated, fluorescent-lit "young age homes" run by professional baby-sitters. This is the only way to make universal social parenting possible, and it is the strategy that currently has the political momentum.

Of course, these centers, while varying widely from worst to better, are the places least likely to give children what they need. Common sense and empirical research both bear that out. But all existing bonuses, options, and subsidies push in their direction. For instance, our current child-care tax credit (line 40 on form 1040) costs about $3 billion annually. But it can be claimed only by people who pay others to provide the care. It cannot be claimed by parental care-givers. In addition to being blatantly discriminatory and regressive (it is a transfer from stay-at-home parents, who have lower average income, to working parents, who are richer), it is very bad policy for children.

Rather than further subsidizing substitute parenting, with its many risks, we ought to endeavor to open new options for the large number of Americans who would like to raise their own children. Put the help, and encouragement, and dollars on the side of children and parents, not institutions and bureaucrats.

Certainly, raising children produces its share of frustrations and fatigue. It is a demanding task. And without extra doses of time alone, conversation, and adult stimulation, stay-at-home parents can come to feel isolated. But raising children is also one of life's most varied and humane undertakings. It forces us to face our own mortality, the implications of our ethics, our own deepest hopes.

Yes, there will be difficulties. But there are compensations: more secure children, happier parents, a healthier society. The requisite changes are well within our capabilities; all we need is to be convinced they are worthwhile. They demand some hard but necessary choices that go to the very core of what it means to be a parent, and a citizen: deciding that we are not going to live only for ourselves, for our short-run prosperity and material advancement. That we can, and yes, want to, participate spiritually in the future of our culture. That raising a child by our own code and ethics is both a worthy goal and a profoundly rewarding undertaking. ☎

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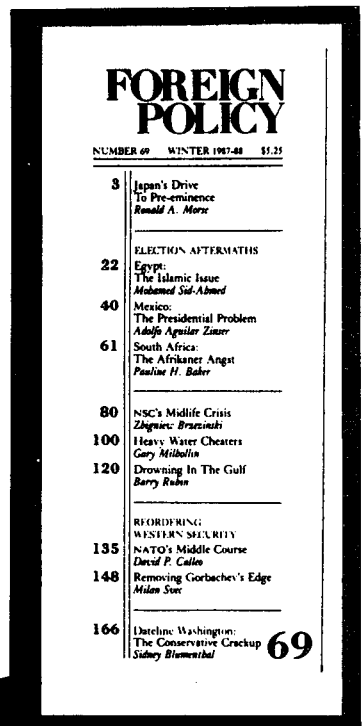
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The Planetary Utility

America's Most Creative Enterprises Depend on Imports

George Gilder

The central conflict in the global economy pits the forces of statist bureaucracy against entrepreneurs using new technology to integrate world commerce. Throughout the roaring '80s in the United States and Asia—and even in parts of Europe—the entrepreneurs have been winning most of the battles. In 1987, however, the statists fought back, and the markets were roiled in the fracas. 1988 will be a year of decision for world capitalism.

The Global Electronic Ganglion

With Americans in the lead, entrepreneurs have created a global electronic ganglion of information and capital markets on line 24 hours a day. This planetary utility has transformed the business environment. Modern telecom does not only transfer money in real time; it also transfers some of the most important products of the information age, such as software packages, chip designs, computer schematics, telecom architectures, manufacturing control programs, and industrial formulas. Relatively small firms now face rivals and pursue opportunities around the world.

Defying national boundaries, entrepreneurs have knitted together a dense global fabric of manufacturing suppliers with near just-in-time delivery commitments. They have ferreted out the world's best human resources without regard to nationality, setting up factories and laboratories in foreign countries, and they have helped universities to train the immigrant engineers and researchers who are revitalizing the best American firms.

Eschewing all notions of "not-invented-here" and national ownership of technology and capital, even firms with less than a million dollars in sales have launched a complex array of technical licensing and cross licensing agreements. An intricate collaborative structure has emerged of outsourced research and development, manufacturing, and marketing, and an explosive expansion of international investment ties that leaves the entire history of national economies in its wake.

This epoch of globalization has permanently shifted the world balance of power in favor of entrepreneurs and against the state. Entrepreneurs and technologists can send capital, ideas, goods, and services around the world at near the speed of light and follow themselves in near the speed of sound. Without their fully voluntary cooperation, a government cannot increase revenues, improve defenses, provide for public welfare, or gain economic clout.

Countervailing the still restrictive environment in national economies, the new global reach of entrepreneurship has dramatically enhanced the power and creativity of American and world capitalism. Bureaucrats may struggle to regain their vanishing authority over enterprise, but, from Moscow to Ghana, intelligent socialists everywhere now conclude that only a rapid turn toward freedom can save them from the ash heaps of history.

The Statists Strike Back

Until recently, the U.S. government was chiefly on the side of the entrepreneurs. But in recent months, a rising trade gap has temporarily tipped the balance against global entrepreneurship. Over the last year, bureaucratic kibitzers throughout the government have been choking trade with quotas, suborning business with legislative bribes, spurning and insulting foreign investors, hobbling high-tech exporters with Pentagon red tape, thrilling bigots everywhere by smashing Japanese radios on the marble steps of Congress, amazing other Asian exporters with ever more bizarre "dumping" charges, stifling immigration, keeping our precious resource of foreign doctoral students out of the labor market, mugging key capitalist allies and suppliers such as Korea and Taiwan, burdening producers with new taxes, and generally waging war against the key sources of strength in world capitalism.

Entrepreneurs could endure all these insults and assaults reasonably well, however, as long as the Reagan administration was willing to defend their freedom to exploit the planetary utility—to produce goods and raise funds wherever they chose. At a time when the United States was a mecca of innovation and growth, this freedom necessarily meant a large and growing trade deficit.

The U.S. trade gap is a fully positive result of the U.S.

George Gilder *is the author of the forthcoming* Microcosm, *a study of the semiconductor and computer industries and their impact on the world (to be published by Simon & Schuster).* *This article is reprinted with the permission of A. B. Laffer Associates.*

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entrepreneurial lead in the world economy. While the trade gap grew, the dollar steadily rose in value, the U.S. rates of investment, employment, industrial production, and productivity growth increased between two and three times faster than the rates of our trading partners. The U.S. also gained market share in the crucial new technologies of the information age.

Balanced Trade Threatens World Depression

The trade gap did not make the dollar sink and the markets collapse. The markets collapsed as soon as it became clear that the entire administration plus the Federal Reserve Board under Alan Greenspan, most American media and academic economists, and nearly all Republican and Democratic presidential candidates were willing to abandon the cause of free trade in order to close the trade gap.

The triumph of protectionism was disguised by continued claims of support for free or "fair" trade. The administration declared it would veto a protectionist trade bill, and 38 senators said they would support the veto. But these assurances were nearly worthless because they were joined by general assertions of an urgent and imperative need to balance trade.

Trade cannot be free if it must balance at national borders. The United States can balance trade only by wrecking the entrepreneurial fabric of an interdependent global economy.

This inexorable fact—that balanced trade threatens a global depression—is the rock on which world markets have crashed. It doesn't matter much how trade is balanced—whether by tariffs or by quotas, whether by capital controls or by exchange rate shifts. Any such drastic change in international commerce will entail a suppression of the entrepreneurial resurgence that has fueled world growth. In a global economy, in which entrepreneurs routinely operate around the world, it is impossible both to balance trade and permit free enterprise.

Worldwide Division of Labor

Staunch libertarian economists such as William Niskanen, conservative analysts such as Martin Feldstein, "free market" presidential candidates such as Pete du Pont, neo-Keynesian leaders such as Alan Blinder, and save-the-world catastrophists such as Pete Peterson all declare that they want to correct the trade deficit by allowing the dollar to slide. They do not want to decide the value of the dollar; let the market decide. Then the trade balance will correct itself.

But the current trade balance is neither incorrect nor correctable. The pattern of world trade chiefly reflects the planetary utility: the deep inner structure of the worldwide division of labor as it has been developed by entrepreneurs over the last decade. In particular, the industrial convergence between Asia and the United States on the frontiers of information technology has created an intricate, highly specialized, and inextricably complex architecture of long-term contracts, complementary skills, and marketing relations that defy simple national export-import accounting categories.

For example, Sun Microsystems, the world's fastest growing major computer firm, buys chips from Toshiba and NEC, uses Fujitsu to manufacture its next generation microprocessor, and licenses its work-station design to Toshiba. Sun uses chips from U.S. firms that are fabricated or assembled in the Philippines, Japan, Singapore, and Scotland using equipment made in Germany, Switzerland, Holland, and Japan. Most of the value added comes from Sun's designs, software, and marketing skills. Sun embodies the entrepreneurial genius and steadily increasing competitiveness of the U.S. economy. But without Japanese components, Sun would set tomorrow.

Trade cannot be free if it must balance at national borders. The United States can balance trade only by wrecking the entrepreneurial fabric of an interdependent global economy.

The same is true with the world's fastest growing semiconductor firm, Chips & Technologies. It received crucial early funding from several Japanese sources; it fabricates its chips at several Japanese and American foundries; it markets its chips in Japan, Korea, and Europe. Chips & Technologies has been the central force allowing the United States to recapture the market for IBM PC and AT clones. Again, the crucial value added comes from C & T's software, designs, and entrepreneurship. But Chips & Technologies could not operate at all without complementary chips and services from Japan.

Dependence on Foreign Components

Today, all American computer companies are suffering serious damage from the Semiconductor Trade Agreement inflicted on the Japanese by the U.S. government. No leading-edge computer can be produced without one-megabit DRAM memory chips. Because of U.S. harassment, all the Japanese DRAM producers substantially cut back. As a result, the best U.S. computer companies (except IBM) are either slowing production or resorting to previous generation devices (also in short supply because of the trade agreement).

Suffice it to say—depending on definitions—somewhere between one-third and two-thirds of Asian exports to the U.S. represent critical components for U.S. manufacturers or vital items in U.S. product lines. The fact that some 100 major U.S. companies testified urgently against the Toshiba ban illustrates the extent of U.S. dependence on foreign component suppliers.

Fully a quarter of the supplies of all U.S. finished manufactured products come from overseas. For the high-technology goods on which our long-term growth and competitiveness depends, the reliance on foreign suppliers is still

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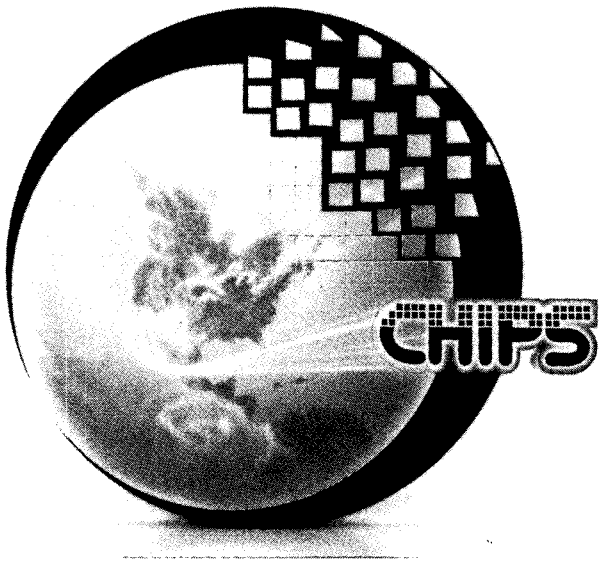

The crucial value added by Chips & Technologies, the world's fastest growing microchip firm, comes from its software, designs, and entrepreneurship. But C&T could not operate without chips and services from Japan.

greater, and the cost of substituting American components is still higher. This structure of interdependence cannot be changed in America's favor by devaluing the dollar. An effort to devalue the dollar until these relations are uneconomic would be nothing short of suicidal for U.S. industrial competitiveness in high technology.

Exchange Rate Mercantilism

As long as investors believe that U.S. monetary and trade policy is governed by the drive to close the trade gap, however, the dollar will tumble, capital will flee the United States, stock markets will sink, and economic growth will decline. Because no conceivable devaluation can greatly reduce the U.S. trade deficit without bringing deep recession and turmoil, markets are perfectly rational in fearing the new exchange rate policies that have triumphed in Washington.

The advocates of trade balance convey an image of autonomous national economies with trade and capital movements equilibrated at the borders by gyrating currency values. They may think they are for freedom, but in fact they are exchange-rate mercantilists. According to analyses by Ronald McKinnon of Stanford and by the St. Louis Federal Reserve Bank, the dollar has long been far undervalued by any relevant measure of purchasing power parity. Even claims that tradable goods are near par ignores the steadily expanding range of tradables and the sharp recent drop in unit labor costs in U.S. manufacturing. In fact, under current U.S. policy, bonds and buildings are more tradable than microchips or computers; assets are more tradable than goods.

With the dollar now far undervalued, current exchange rates represent a comprehensive tariff against all imports from countries not tied to the dollar. The dollar is worth 130 yen or less only in the expectation that the U.S. will destroy the most vital and creative parts of its economy in order to close the trade gap with Japan.

The Assault on Entrepreneurial Freedom

The real target of the power grab in Washington, however, is not trade but entrepreneurial freedom. The trade deficit is in great part an inevitable consequence of the success of U.S. entrepreneurs in attracting foreign investments. International capital markets are now some 15 times larger and many times more efficient than goods markets. Capital thus dominates trade in international exchange. As long as capital can flow to the best opportunities anywhere in the world, trade can balance between any two countries only by accident.

Above all, trade cannot balance if entrepreneurs can dispatch capital wherever they wish in response to new opportunities or in flight from oppressive taxes and protectionist barriers. Therefore, the drive to balance trade dictates an effort, whether direct or indirect, to restrict capital flows as well.

The implicit goal of the new policy is to wrest control of the world economy from the entrepreneurs and restore it to governments. Government manipulation of both money and goods will balk the global movement toward capitalism and freedom.

The Net Debtor Fallacy

The exchange-rate mercantilists desperately fear the free flow of capital. From socialist Senator Tom Harkin to Wall Street catastrophist Pete Peterson, they think foreign purchases of U.S. bonds and equities make the U.S. "a net debtor to the world" resembling Mexico or Argentina. They think we will have to "pay it back" by forgoing consumption and reducing our standard of living. They actually speak of "a loss of U.S. sovereignty" deriving from the tiny share of foreign ownership in the $20 trillion market of U.S. real and financial assets.

All these assumptions are wrong. The U.S. will not have to "pay it back." We can merely roll the bonds over to encourage the foreign equity stake in America to grow. We did this for most of our earlier history, and Japan and Korea have done this during all the periods of their fastest growth. At current rates of increase, our foreign debt will remain far smaller as a share of GNP than U.S. debts in previous decades or the debts of scores of other countries, including Switzerland and South Korea. Provided we don't try to inflate it away or stop U.S. citizens from buying foreign goods, U.S. debt owed to foreigners will remain trivial for decades.

If we continue to run the world's most dynamic and entrepreneurial economy, with the fastest technical progress, entrepreneurs around the world will still want to come here and to send us money. If we wage war on entrepreneurs, both American and foreign investors will send their funds elsewhere, and our economy will decline. In any case, the ever deepening involvement of entrepreneurial foreigners in the U.S. economy is a great new American strength.

Rapidly becoming an American company—with a majority of workers and buyers in the U.S. and an ever increasing complement of Japanese who will never return to Japan—Honda offers the best hope for renewed American competitiveness in global automobile production. Honda's investments do not jeopardize American sover-

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eignty; they enhance American competitiveness. We do not have to pay them back; they pay themselves back while training and enriching the U.S. and opening hundreds of new entrepreneurial opportunities in long depressed midwestern communities. The threat to American power comes not from abroad, not from foreign investors and immigrants, but from Americans who wish to retreat from the thrilling new opportunities of global capitalism.

The same analysts who agonize over debt, however, contemplate with equanimity the massive and disruptive uprooting of factories and labor required to balance trade. After U.S. entrepreneurs were driven overseas in the mid-1960s by a huge appreciation of the dollar against gold and other currencies, the exchange-rate mercantilists now would summon them back home by a 50 percent devaluation.

Radical Exchange Rate Shifts

Denying any hardship from floating rates, free market economists complacently speak of forward buys of foreign currencies to hedge against exchange rate shifts. But this strategy is full of perils for smaller firms and is treacherous even for conglomerates with large international exposure. Entrepreneurs can often hedge against financial risk, but they cannot hedge against competitive and operational risks entailed by gyrating currencies.

In recent years, the profits of many companies have depended more on the interplay of currency values and manufacturing locations than on excellence in business operations—more on international financial finagling than on the production and trade of real goods and services. America's productive posture was increasingly optimized not for economic values but for an exchange rate regime that might radically shift any day.

The problem is that the exchange rate mercantilists try to fix what should not be fixed, namely the flows of trade and capital, while allowing to float what should not float, namely the value of currencies. It is people who need freedom, not money. Only by restricting monetary policy chiefly to the role of preserving money as a unit of account—maintaining its buying power in terms of gold and other goods—can governments allow freedom in other markets.

Balancing trade means controlling capital. This, in turn, requires constant government intervention everywhere. This dynamic is evident in the behavior of the Reagan administration, supposedly an upholder of free trade, creating cartels, extending export controls, and hectoring foreign governments. The Secretary of the Treasury should not have to engage in an unseemly attempt to influence lifestyles and savings rates in Japan and West Germany. If these countries wish to save more than they invest and send the difference to the United States, the U.S. government should not be concerned. If we wish to punish savers and run large trade deficits, that is up to us. Capital markets, on line 24 hours a day, will assure that funds will flow to the best opportunities. The countries that run the best economic policies will attract the most capital and best immigrants and will tend to grow fastest and run the largest trade deficits.

Without Japanese components, Sun Microsystems would set tomorrow.

Capital markets smoothly administer shifts in competitiveness in the continental economy of the United States. Milton Friedman estimates that the state of California runs a larger trade deficit with the rest of the world than do the other 49 states combined. California also boasts many of the innovative companies on which our future competitiveness relies. Capital markets can work as well in the world economy if we let them.

Entrepreneurs want a currency that functions as a store of value and a transactions medium. That means a currency of stable purchasing power over time. Any effort to use monetary policy to manipulate trade and capital will merely destroy the functionality of money.

The new fabric of global interdependence is a precious and unprecedented achievement of the current era. It represents an enduring triumph of capitalism. It would be nothing short of a tragedy to throw it away in an effort to restore the mercantilist zero-sum games that have produced a grim global history of war and poverty. ☎

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FARMING WITH UNCLE SAM

High Finance Comes to Rural Missouri

BLAKE HURST

Ten years ago, I graduated from the University of Missouri and returned to our family's farm in the far northwest corner of the Show-Me state. My brothers and I are the third generation to farm here in Atchison county. Grandpa founded our business after his first farm was lost in the late '20s in an earlier agricultural downturn. The enterprise has grown and today it includes some 2,700 acres of corn, soybeans, and beef cattle. Last year, we produced about 125,000 bushels of corn. We don't really like accepting subsidies. But if we didn't enroll in government farm programs, our corn would be worth about $1.80 a bushel; because we participate, we receive about $3 a bushel. Everybody has his price. Now you know ours.

Bunker Mentality

Northwest Missouri is a patchwork of corn and soybean fields, pastures, small towns, hills, and rivers. Lately a new feature has been added. These days, nearly every small town has a grain bunker. Grain bunkers are football field-sized piles of corn 30 feet high in a plywood base covered with a huge white plastic sheet. My hometown of Tarkio is in a particularly fertile area, so we have not one, but two bunkers. Each holds one-half million bushels of corn stored under a three-year contract with the federal government at a cost to the taxpayer of $500,000 per year. These bunkers, which resemble nothing so much as truncated stadiums like the Minnesota Homer Dome, are necessary because the more traditional forms of grain storage are already full. Billions of bushels of grain are stored all over the Midwest in bins, sheds, and bunkers: grain raised by farmers like me in response to government payments that hold little relation to any market signals. During a rain storm this past summer, the dikes along the local river broke, surrounding the bunkers with four feet of water—sort of a floating monument to a failed farm policy.

From 1977 to 1985, government support levels for program crops increased each year regardless of supply and demand. This policy probably did the most to fill Tarkio's bunkers, but there were other reasons. Exports have fallen because of the strong dollar. Third World countries are under pressure to cut imports of farm products and increase exports of their agricultural products to reduce their horrendous debts. The European Economic Community has embarked on a massive export dumping program to protect its own farms. The federal government's tax and farm credit policies have also contributed to our woes.

Cheap Money, Costly Land

When I started farming, the Farmers Home Administration was lending money for 40 years at 5 percent interest to farmers unable to get commercial credit. Not many farms in Atchison county were purchased on those terms, but since price is set on the margin, land costs rose much higher than they would have without the subsidized credit. This credit-led boom increased costs for all farmers.

Today the FmHA is trying to deal with the results. In neighboring Nodaway county a farmer borrowed money from the FmHA to purchase a farm. Unable to make payments he simply packed up his family and left. A commercial lending institution would have begun foreclosure proceedings, taken possession of the farm, and sold it in order to recover at least a portion of the original loan. The FmHA couldn't react as a normal lender would have because it was under a court injunction prohibiting it from foreclosing on its borrowers. Today the farm lies idle and the house has been looted because the FmHA could not protect the taxpayers' investment.

Arbitrage vs. Hog-Feeding

A farmer down the road fared better. Also unable to make payments, he voluntarily conveyed the farm back to FmHA. The FmHA received an appraisal of the farm and offered to sell it at the appraised value to the original borrower. The rules say the FmHA has to first offer any land in its inventory to the farmer who lost the farm. If he refuses, only family farmers who can't get credit from commercial lenders can buy the farm from the FmHA. Well, the appraised value on this farm was so low (and why not, with those stipulations on its sale) that the delinquent borrower was able to sell half of the farm to a neighbor for enough to buy the rest of the enterprise with cash. High finance comes to rural Missouri.

Nationwide, the FmHA has $14 billion in outstanding

BLAKE HURST *helps operate the family farm established by his grandfather in Missouri.*

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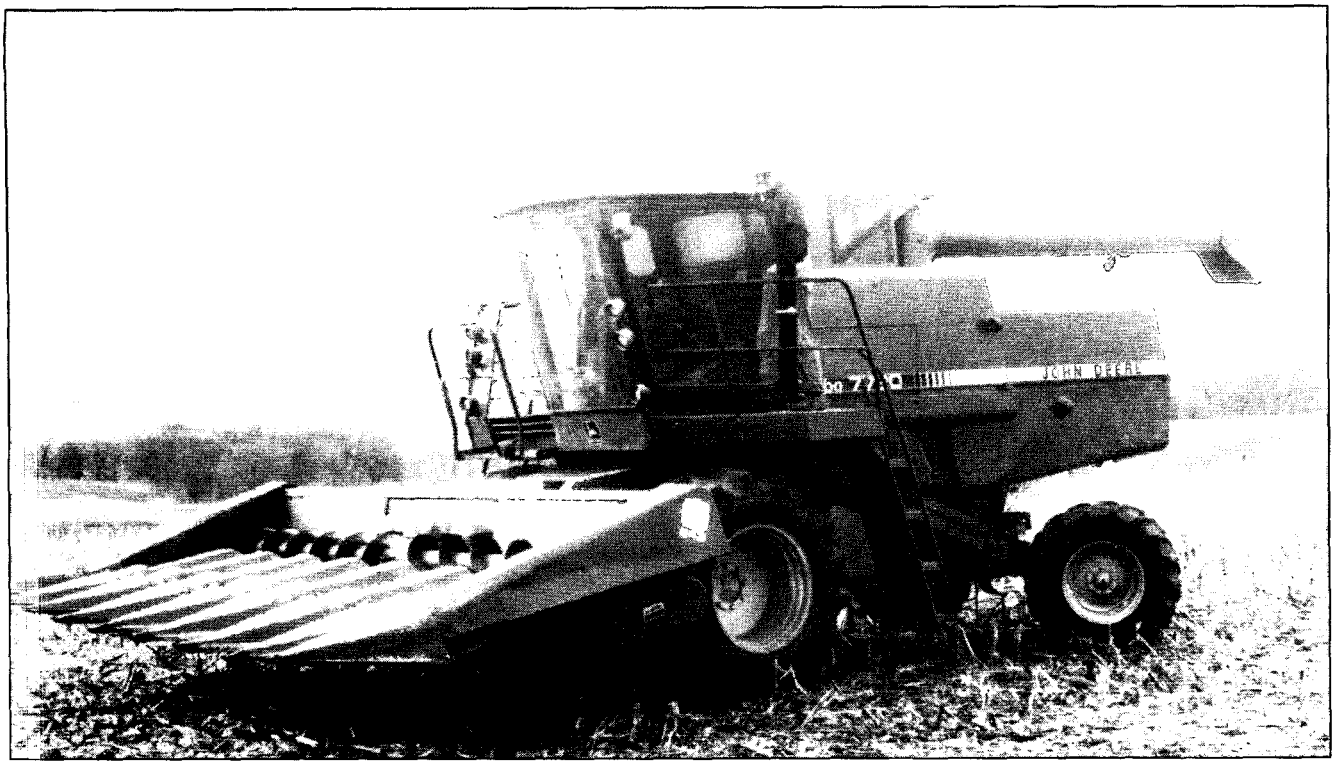

Blake Hurst on the family combine

loans. Two-thirds of that debt is delinquent and 70 percent of the delinquent debt is at least three years overdue. The disaster and emergency loan programs of the '70s were a national scandal. In some Southern states, 80 to 90 percent of those loans were never repaid. Small Business Administration loans were available to farmers at an interest rate of 3 percent. Now, most farmers don't know what arbitrage is, but I do know neighbors who figured out that borrowing money from SBA at 3 percent and buying CDs paying 10 percent at the local bank sure beat the hell out of feeding hogs!

Although the Reagan administration has attempted to tighten lending procedures at the Farmers Home Administration, some things never seem to change. Recently Congressman Whitten of Mississippi slipped a provision into the budget reconciliation act cutting the FmHA administrator's office budget by 25 percent. Before you get your hopes up; it wasn't a move toward fiscal sanity. Nope, it seems Jamie Whitten was piqued at FmHA administrator Vance Clark for refusing loans to borrowers who were not only delinquent in their payments, but who showed no signs of being able to rectify the situation. Only in Washington does the size of your office budget reflect how much taxpayer money you can waste.

I guess the Reagan administration has finally gotten the message. On March 1 of this year, the FmHA announced a new policy to fulfill the mandates of the Agricultural Credit Act passed by Congress in December of last year. In essence, the FmHA has admitted defeat. As much as $7 billion in bad debt will be written off. Farmers who lost their farms as long as 10 years ago will be able to get back in business. (This is a rather startling breakthrough in economic policy. If you have any Penn Central, Lockheed, or Wickes stock lying around the house, I'd recommend calling your congressman.) No provisions have been made for farmers who have paid their debts. As mentioned before, many of the delinquent loans are located in the South. The announcement of this decision a week before Super Tuesday can hardly be called a coincidence.

Willie Nelson's Tax Loss

"Crazy, crazy for feeling so blue," sang Willie Nelson at his FarmAid concerts. And Willie had every right to be blue. After all, not only were we family farmers in terrible shape, but Willie himself testified to a several-hundred-thousand-dollar cattle feeding loss. Of course, Willie's cattle feeding problems weren't what they seemed. Family farmers, including Willie Nelson, are eligible to use cash accounting for tax purposes. Now this may seem rather arcane, but bear with me. Cash accounting is deemed necessary for farmers because we aren't sophisticated enough to pay income taxes on an accrual basis like every other business. We may not be sophisticated, but it didn't take us

We don't like accepting subsidies. But without them our corn would be worth $1.80 a bushel; because we participate, we receive about $3. Everybody has his price. Now you know ours.

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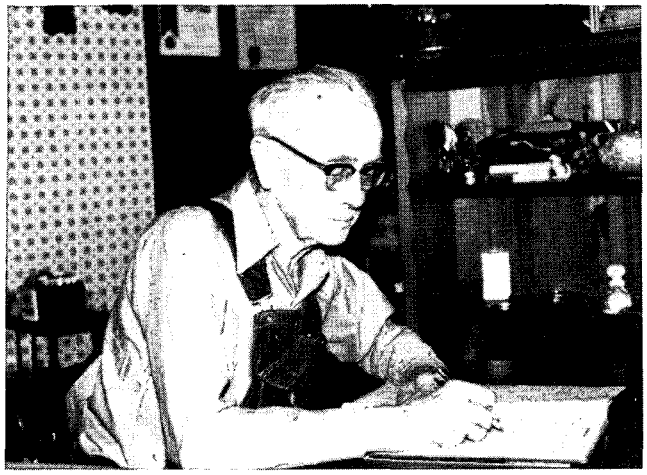

Farmer's optimism: 87-year-old Grandpa Hurst fills out a 16-year crop rotation report.

long to figure out that cash accounting is a terrific tax dodge for an expanding business. By advancing purchases and delaying sales, which would normally show up as inventory changes, a farmer can report a tax loss even though his business is profitable. As long as he keeps expanding, he has what amounts to an interest-free loan from Uncle Sam. Willie Nelson's tax advisors know this. Consequently, family farmers like myself are faced with larger supplies and lower prices than would otherwise be the case.

Plowing Up Chicken Bristle

Farm surpluses are not a new problem. In the 1960s, the government cut production through a program of long-term rental agreements with farmers. The Soil Bank program made it more profitable for farmers to retire marginal land from production than to farm it. The program was devastating to agribusiness in those areas with high participation. Some counties essentially shut down their crop-producing plant.

But agriculture is a highly cyclical business and the 1970s saw a turn for the better. Exports increased and in response to this demand, highly erodible pastures and rangelands sprouted grain. The Soil Bank contracts were allowed to lapse and production rose to meet the demand from overseas. Across the road from where my grandpa grew up in the community of Chicken Bristle, a large farm that had been in grass for generations was plowed up and planted to corn. Yields were low, but subsidies made it profitable.

Conditions changed again in the '80s. There was renewed interest in conservation as grain supplies moved from shortfall to surplus. You can guess what came next. An uneasy coalition of farm groups wanting to cut production, environmental groups wanting to reduce erosion, and politicians wanting more votes, presided over the birth of the "Son of Soil Bank,"otherwise known as the Conservation Reserve Program. Hailed as a new breakthrough in farm policy, the CRP buys land out of production through the use of long-term rental agreements between farmers and the government. Once again, participation is high and agribusiness is suffering in areas poorly suited to crop production. Of course, one of the first farms to enter the program was the Chicken Bristle farm. Farmers who plowed fragile land are being bailed out by a so-called conservation program. What programs like the Soil Bank and CRP really do is remove the risk from farming highly erodible, unproductive land that doesn't lend itself to continuous cropping. When times are good, plow it up and let it blow or wash away. Don't worry about the bad times; you can always rent it to Uncle Sam.

A final note on the Conservation Reserve. Twelve thousand acres have been plowed out of pasture in Atchison county since 1978. Two miles north of my home, a fellow from Las Vegas purchased a grass farm and planted it to corn. As a grass farm, it might have rented for $40 an acre per year. As a crop farm, it would be worth slightly more. It's now rented for 10 years to Uncle Sam for $70 an acre. Better odds than he is used to.

Time for Massive Subsidies Is Past

All of these policies had an unintended result. They kept resources in agriculture at a time when the market was clearly signaling that resources needed to leave farming. Excess resources led to surpluses, which led to low prices, which increased the pressure for more subsidies. But the United States is not alone in pursuing misguided farm policies. Estimates of worldwide farm subsidies run as high as $250 billion annually. France sells corn to Algeria for $1.80 a bushel while paying its farmers $6 a bushel. Italy pays its farmers $15 a bushel for soybeans that they could buy from me for $6 a bushel. Japanese farmers recently compared U.S. requests for less protectionism in beef to the Hiroshima atomic bomb. President Reagan's proposal for a gradual phaseout of farm subsidies worldwide has been roundly criticized as "unrealistic." Unrealistic as those proposals may be, they offer our only hope for the future.

Meanwhile, back at my farm, we've spent the winter preparing to comply with the conservation provisions laid out in the 1985 farm bill. We're writing crop rotation plans for the next 16 years to qualify for continuing subsidies. (Farmers are known for their optimism. Requiring my 87-year-old grandfather to fill out a 16-year crop rotation takes optimism to a new extreme.) We can't drain wet spots or change the location of drainage ditches. The USDA tells us what to plant, how much to plant, and where to plant. If we opt out of the program, we're forced to compete with farmers in the program who will receive nearly twice as much for their crops. Consequently, we have little choice but to follow the rules.

In the small town near our home, the local branch of the Farm Credit System has closed its office. A group of farmers and local businessmen has purchased the building, refurbished it, and opened a taco joint. West of town, land that used to grow the best corn in Atchison county is now planted to potatoes, a crop that doesn't depend on subsidies, but rather on America's appetite for potato chips. North of town, some neighbors are experimenting with broccoli, another nonsubsidized crop. Further north, a group of farmers' wives distribute their handsewn clothing to yuppies nationwide. And behind my house, my wife and I have four greenhouses, where we plant what we want to plant and sell what we grow without filling out a single Department of Agriculture form. I guess we farmers know something that hasn't occurred to the folks in Washington—the time for massive farm subsidies is past. ☎

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The Admiral Who Jumped Ship

Inside the Center for Defense Information

Michael Johns

There are over 5,000 retired admirals and generals in the United States, but one retired rear admiral—Gene La Rocque—has provoked more attention and discussion than most.

It isn't that La Rocque was a military standout of any sort. While his career had its highlights—he was aboard the USS *MacDonough* at Pearl Harbor the day of the Japanese attack, participated in World War II raids on Palau, Truk, and the Philippine islands of Leyte and Luzon, commanded several ships, and served as Director of the Inter-American Defense College at Fort McNair—most of his superiors found his 31-year service in the U.S. Navy rather unexceptional. Nor is La Rocque's prominence a product of any immensely influential position he held in the service. He did rise to the level of flag officer, but was asked to retire after being passed over for third star rank.

Instead, the 69-year-old La Rocque owes his prominence to his position since 1972 as director and chief spokesman for the Washington-based Center for Defense Information (CDI), the favorite military and strategic think tank of disarmament activists, congressional liberals, and isolationists. As director of CDI, La Rocque has lent his military credentials—and those of several other retired military officers on the CDI staff—Rear Admiral Eugene Carroll, Air Force Major General Jack Kidd, Navy Captain James Bush, Marine Colonel James Donovan, and others—to an extensive campaign for significant cuts in America's defense budget and for a "fortress America" strategic philosophy. It is an extremely unusual position in which to find a retired Navy officer, which makes this retired rear admiral more than just another liberal recruit; Gene La Rocque has become the left-wing counterpart of some former radicals who have embraced conservatism—an ally all the more useful to the Left in light of what he once was.

Defense without Weapons

CDI claims to stand for a "strong defense"—a position boastfully printed atop every issue of CDI's flagship newsletter, *Defense Monitor*—but it has proposed the cancellation of the B-1 bomber, anti-satellite weapons, the Stealth bomber, the MX missile, civil defense programs, the DIVAD air defense gun, the Trident submarine, the Midgetman mobile missile, the C-17 cargo aircraft, sea-launched cruise missiles, intermediate-range nuclear missiles, chemical weaponry, the Strategic Defense Initiative, the AMRAAM radar-guided missile, the JVX vertical lift aircraft, and the A-6E Navy attack aircraft. CDI has also advocated removing all nuclear weapons from U.S. aircraft carriers, scrapping tactical nuclear modernization, removing all aircraft and surface-to-surface missiles capable of hitting targets in the Soviet Union, and removing all forward deployed atomic demolition munitions. As La Rocque explained his views before a forum of religious leaders in 1982: "There is no way to defend against [Soviet] ballistic missiles carrying nuclear weapons. So 'superiority' has become meaningless in military terms."

Although it has paid occasional lip service to the need for a modest nuclear-armed submarine capability, there is not one noteworthy weapons system that CDI has worked to support over its 16-year existence. And in the past 30 issues of *Defense Monitor,* which is published 10 times a year, CDI has derided almost every major new weapons system or defense program as either provocative, a waste of tax dollars, or not in the security interests of the nation.

The organization has also advocated a reduction in U.S. arms sales overseas, a complete phased withdrawal of our ground forces from Korea and Europe, closing of U.S. military installations in the Philippines, a freeze in U.S. military spending, the giveaway of the Panama Canal, decreased spending for Special Operations Forces, demilitarization of the Indian Ocean, a comprehensive nuclear test ban, and abandonment of anti-Communist guerrillas in Afghanistan, Angola, and Nicaragua.

Yankee Armageddon

CDI's studies consistently conclude that the United States and the Soviet Union are moving irrefutably toward nuclear war, a dismal situation for which the United States can take most of the blame. La Rocque declared at a special United Nations session on disarmament in 1981: "Make no mistake about it, we in the United States are planning, training, and arming for a nuclear war." He told the American Academy of Political and Social Science in 1983: "War is inevitable sooner or later if we believe our

Michael Johns *is assistant editor of* Policy Review.

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contest with the Soviet Union is one of good versus evil." And he told a St. Louis nuclear freeze rally in 1983 that the United States "started this race to oblivion at Hiroshima . . . [and] we permitted this situation which exists today."

La Rocque concedes that: "The United States must have, in this nuclear era, a retaliatory capability that will deter a Soviet attack, and the best weapons to do that are nuclear weapons in our submarines." But his rhetoric echoes that of Mutual Assured Destruction strategists. In 1985 he told *The Futurist:* "We have no defense against Soviet missiles and . . . the Soviets have no defense against our missiles. That understanding is fundamental to any discussion of national security. In fact there is no such thing as national security." He says that "we should not have a first-strike capability or policy because that is apt to precipitate the very action that we want to oppose—the start of a nuclear war."

Rollback without Freedom Fighters

Like Ronald Reagan, La Rocque argues that the Soviets are in retreat: "The Communist philosophy, the Communist ideology, the Communist economic and political system is a flop—it has failed everywhere in the world. . . . Mozambique is a basket case economically. Angola survives on the oil and gas it sells to us." He adds: "The Soviets have been kicked out of China . . . kicked out of Indonesia, kicked out of Egypt, kicked out of Somalia, and are about to be eased out of Afghanistan. . . . Sooner or later, we are going to get them all [Communist countries] back in our camp . . . we are going to get eastern Europe back in our camp, we are going to get Cuba back in our camp, we are going to have Nicaragua completely in our camp." The key to this global democratic victory, he believes, is for America "to stay very strong economically and politically . . . We have to look after the needs of our own people, we have to have properly educated people. Secondly, we have to be interventionists all over the world . . . we want to intervene with our political, our economic system, our social order, everywhere in the world."

La Rocque fails to recognize, however, the role that military force has played in encouraging the Soviets to withdraw from Afghanistan and other parts of the world. La Rocque told *Policy Review* that American support for the mujahideen resistance combating the Soviet occupation in Afghanistan will "simply prolong the fighting." "I don't think you can persuade people to support our ideology with a gun and I think any attempts by other nations to persuade people to accept their ideology with a gun have failed."

La Rocque claims that we could have "weaned" the Sandinistas from the Soviets "if we had spent a portion of [the money we sent to other Central American countries] to help Nicaragua." Today, if we want to get Nicaragua back on our side: "I would go down and put up some health care clinics, I would send educators—school people to teach. . . . If we can't use our brains and our resources to influence a tiny little, poor country of three million people to get in step with all of us, we haven't used our imagination."

A 1987 CDI newsletter warns of the dangers of taking decisive military action against the Communist government in Nicaragua, alluding to some self-determination that they believe exists there: "An invasion would make a mockery of America's commitment to the principle of self-determination and bring discredit on our government among millions of our own citizens and more millions of our friends abroad."

In an interview with *City Paper* in 1984, La Rocque even disagreed with the opinion that Soviet MiG fighter jets in Nicaragua would threaten the surrounding democracies: "It doesn't hurt anybody even if they had MiG 21s, which are 25 years old. They'd have such a dickens of a time trying to maintain them in combat condition that they wouldn't have much of a capability, even if they're in good shape, to attack other countries in the area."

Admiral Elmo Zumwalt contends that after being picked to retire, La Rocque "became very bitter. In his final meeting with me, he made it clear that he intended to get even with the Navy."

Cuban Rhythms

Asked to explain the presence of 40,000 Cuban troops in Angola, La Rocque cites the cultural and ethnic similarities between the two nations: "They intermarry—blacks and whites, grays and blues are all the same in Cuba—there isn't any color line as exists elsewhere. It was settled by a vast number of Africans—their rhythms, their dancing, it's African in its heritage. . . . " After returning from Cuba in June 1980, La Rocque told *Cubatimes:* "Soviet influence on Cuba's military, from what I could see, was almost nonexistent."

He advocates open trade with Cuba, which he considers the "best weapon we have" to liberate the nation from Communism, but thinks that "it is not ours to decide what ought to happen." (More consistent than others on the Left, La Rocque also supports free trade with South Africa, contending that sanctions and disinvestment are not the way to end apartheid.) La Rocque calls the Bay of Pigs a "shameful experience" because "if you want to capture Cuba militarily, the military can do it . . . but we want to do it openly. We don't want to fund contras secretly . . . I have no problem when this nation decides to use military force, but let's do it openly, proudly, flag flying."

Asked, however, whether he supported overt American efforts such as those in the Dominican Republic in 1965 or Grenada in 1983, both largely credited with fostering democracy in times of crisis, La Rocque remarks: "I think it was wrong for us to use military force—to kill people—to get what we want in a country. . . . I would have built the airstrip for the Grenadans; you could have put the entire

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population of Grenada—90,000 people—on the U.S. government payroll for less than it cost us for the invasion."

Fortress America

La Rocque strongly supports the INF treaty, but opposed the original American deployment of intermediate-range missiles widely credited with bringing about the agreement. During the height of the debate over the deployment of Euromissiles, La Rocque's comment—"If you dummies let us, we'll fight World War III in Europe"—was

Asked to explain the presence of 40,000 Cuban troops in Angola, La Rocque cites the cultural and ethnic similarities between the two nations: "their rhythms, their dancing, it's African in its heritage."

used repeatedly by European groups opposed to deployment. And a CDI co-sponsored conference, "The First Conference on Nuclear War in Europe," held in Groningen, Holland, was designed to scare host countries from accepting intermediate-range nuclear deployment.

La Rocque advocates pulling all American troops out of Europe but concedes that this must be done "cautiously, carefully, and not precipitously." A 1973 issue of *Defense Monitor* argued: "It has become more difficult to see what Soviet interests would be served by an attack on Western Europe. . . ." La Rocque told *Policy Review* he sees no conventional imbalance against the West in Europe: "I think our forces are appropriate to our situation. If we had wanted more tanks, 20 years ago we could have built them."

He also advocates withdrawing U.S. troops from Asia. During a visit to Tokyo in 1975, La Rocque told the *Japan Times* that Americans are not going to support another ground war in Asia "for any reason" and that "our military bases in Japan and Korea do not in any way contribute to the national defense of the U.S., directly or indirectly." During this visit, he was quoted by United Press International as saying: "For the American people, if another 30 million [Asian] people come under the control of Communism, it isn't anything to be concerned about."

Getting Even with the Navy?

Several of La Rocque's former Navy superiors think that his current positions are motivated by bitterness over being denied promotion beyond Rear Admiral. He "became very bitter," says Admiral Elmo Zumwalt, who worked with La Rocque in five different positions and was Chief of Naval Operations at the time La Rocque was asked to retire: "In his final meeting with me, he made it clear that he intended to get even with the Navy." Zumwalt says, "There is no doubt in my mind that [getting even with the service] was his motivation when he started [CDI]." Admiral Tom Moorer, former Chairman of the Joint Chiefs of Staff and La Rocque's superior in the 1960s, also attributes La Rocque's far-left rhetoric to "bitterness over not being promoted further." La Rocque denies Zumwalt's charges, claiming he never even had a final meeting with Zumwalt. "I am not the least bit bitter," La Rocque replies, "I never expected to be an admiral and I didn't care . . . I loved the Navy life . . . I am a sailor."

The relationship between La Rocque, who did not attend the Naval Academy, and his former Navy colleagues has been a rocky one since a task force that he headed in 1968 at the request of Paul Nitze, then Secretary of the Navy, concluded that the war in Vietnam could not be won, even with greater levels of bombing. La Rocque told *Playboy* in 1981 that "Nobody wanted that report. There was never any name attached to it and it was never published." La Rocque also spent four-and-a-half days as the first witness against the government in the Pentagon Papers trial, recalling today that he told the court: "The release of the [Vietnam] invasion plans two years after the invasion had taken place did not jeopardize U.S. national security."

Ironically, one CDI staff member, deputy director Eugene Carroll, did not always harbor the organization's staunch disarmament and isolationist views. In the Fall 1980 issue of *Wings of Gold*, the quarterly magazine of the Association of Naval Aviation, Carroll, just several months into retirement, asked: "When our Navy can no longer protect U.S. national interests in the Indian Ocean, who will do it for us?" He concludes that "to continue as we are now with inadequate resources, particularly with critical personnel shortages, can only degrade our future capabilities." He also defended the AWACS aircraft, argued for closer support facilities to Camel Station and a major base on the Red Sea coast of Egypt, and praised the courage of the Navy-Marine Corps team that launched the failed Desert One mission in 1980 intended to rescue American hostages in Tehran.

Today, however, Carroll sings a far different tune. In 1983, Carroll told the Communist *Daily World* that he considered the Reagan administration's arms control policy "dangerous and unwise," but was pleased with Andropov's "skill and imagination."

On Soviet Television

A volcano of criticism toward La Rocque and CDI erupted in the summer of 1983 after La Rocque appeared on Soviet television, lending his American military credentials to a condemnation of U.S. arms control policies and questioning President Reagan's sincerity about arms reductions. Following the five-minute interview, a Soviet commentator remarked that "La Rocque has quite accurately defined the weak points in the American approach to the talks" and proceeded to broadcast eight minutes of film on various antiwar activities in New York.

Some 586 retired American flag officers, representing over 75 percent of the Navy's retired top command and including seven of the past eight Chiefs of Naval Operations, signed their names to a July 1983 public petition, published in the *Washington Times*, which labeled La

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Soviet-supported NVA troops march victoriously through Saigon in 1975. CDI labels this "change in the Third World."

Rocque's actions "reprehensible," "contrary to our precepts," and "injurious to the best interests of our country." While the open letter of condemnation recognized La Rocque's right to free speech, it strongly questioned "Rear Admiral La Rocque's judgment in using a totalitarian controlled medium" to "condemn the policies of the United States." The advertisement also deplored "the attempt of certain officers, without access to the latest classified information, to advance—under the cover of their retired rank—their own biases for the reasoned conclusion of the professional active military officers, who are briefed daily on Soviet progress in weapons development and deployment."

La Rocque fired back at the retired flag officers, telling the *Washington Post:* "These old guys are sitting around Coronado or Florida or elsewhere, playing golf and collecting stamps, and they're not involved anymore. No one's calling them to go on television shows or radio programs or fly to Australia." To that Moorer replied: "Anyone who's jealous of La Rocque is one step away from St. Elizabeths Hospital."

Big Guns Against CDI

La Rocque "speaks with authority on Naval activities in which he had limited, or zero experience," says Admiral Moorer, former commander of the Seventh Fleet, Chief of Naval Operations, and Chairman of the Joint Chiefs of Staff. Retired Admiral Bill Thompson says that La Rocque "gives himself credit for being a great strategist in the Navy. He never really had a job of that magnitude." Retired Admiral Zumwalt, Chief of Naval Operations at the time of La Rocque's departure, says that the selection board charged with determining which admirals would be promoted and which would be asked to retire "was clear that he [La Rocque] was among the lowest performers and he was therefore designated to retire." Zumwalt says he would label La Rocque "among the bottom 20 percent of flag officers with regard to his technical experience."

In 1974 La Rocque told a joint atomic energy committee, chaired by Senator Stuart Symington, that he had witnessed a near nuclear launch off the Japanese shore during his 1964-65 tour aboard the cruiser *Providence:* "Lo and behold, we were ready to fire and the machinery clanks and the computers all buzz and whir and up popped a red-tipped missile. Now a red-tipped missile is a nuclear missile. . . . " The only problem with La Rocque's story was no one else aboard the ship recalled an incident even remotely similar to it, and La Rocque never bothered to report the incident at the time.

Admiral Moorer, who was commander of the seventh fleet at the time, says: "La Rocque is either lying or he has failed in his duty . . . Any Captain that has an event like that happen in the mysterious way that he described it is failing in his duty. He did not report that; I would have known about it immediately." Moorer says that La Rocque's report "made it far more difficult for the seventh fleet units to function in the western Pacific." Today La Rocque responds: "I saw it happen; I was the captain of that ship. Sure it happened . . . You see the nuclear warheads are painted with a red tip and they're in a big box that we put on top of the *Providence* . . . why should I report it . . . they wouldn't have gone off . . . in my view it was not something I chose to report . . . I had no responsibility to report it."

Reactions on Capitol Hill

Much writing on the military frequently makes one's eyes glaze over; CDI's timely reports, by contrast, are easy to read. Perhaps in part for this reason, CDI is an influential voice on Capitol Hill and in the mainstream media. CDI

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has received public endorsements from Senator Mark Hatfield, who hails the organization's "non-partisan analysis," and Representative Donald Fraser, who compliments CDI's "usual fine job of presenting accurate information and sound analysis." La Rocque and other CDI analysts have testified some 50 times before House and Senate committees, and CDI boasts that legislative assistants rely heavily on its information; CDI studies have been frequently entered into the *Congressional Record.* A 1983

As La Rocque declared at a special United Nations session on disarmament in 1981: "Make no mistake about it, we in the United States, are planning, training, and arming for a nuclear war."

CDI brochure goes as far as claiming that: "On several occasions, government officials have referred newsmen and other callers to CDI for facts the Department of Defense couldn't provide." CDI has also sponsored fellowships for congressional aides interested in attending a course on "U.S. National Security Policy," taught by a CDI consultant, and La Rocque has taught seminars on "The Challenge of the Soviet Union" to mid-level CIA officials. A March 1978 CDI fund-raising letter bragged that "CDI analyses played a key role in the cancellation of the B-1 bomber, nuclear strike cruiser, and additional heavy attack aircraft carriers" and that they had "influenced the slowdown in development of the new land-based mobile ICBM (the MX)... and the reduction of U.S. arms sales overseas." As further evidence of CDI's influence, in 1981, CDI assistant director Barry Schneider coauthored an article for *Chemtech* with Paul Warnke, former director of the U.S. Arms Control and Disarmament Agency, titled "A Nuclear War Must Never Be."

Within the last year, La Rocque has also represented CDI's views on defense matters in interviews with all three networks, Bill Buckley's *Firing Line,* CNN's *Crossfire,* PBS's *All Things Considered,* and other influential shows. CDI also hosts a television show on defense matters from their in-house videotaping facilities, which is broadcast on cable throughout the country. And CDI studies are cited frequently in the mainstream media, often matter-of-factly and without proper description of CDI's clear ideological bias. In 1984 alone, CDI claims to have been cited in 3,000 articles and editorials across the country. A 1979 CDI movie, *War Without Winners,* directed by Haskell Wexler (a former associate fellow at the radical Institute for Policy Studies who was cinematographer for a 1975 documentary on the 1960s terrorist group the Weather Underground), was broadcast on hundreds of American television stations.

Recently, however, CDI has begun to generate some congressional opposition. In 1983, for instance, after CDI published a paper urging Congress to delete procurement funding for a U.S. anti-satellite system, Representative Melvin Price, then Democratic chairman of the House Armed Services Committee, took to the House floor to denounce CDI's double standard in not opposing the existing Soviet anti-satellite system: "The Center does not explain why it is no threat to peace if the Soviets have a (anti-satellite) system—as they do—but it somehow would risk war in space if the United States even tests such a system." After La Rocque testified before the House Budget Committee's Task force on Defense and International Affairs in 1985, Admiral Zumwalt presented committee chairman Bobbi Fiedler with a list of what he contended were 82 inaccurate or misleading assertions contained in La Rocque's analysis of the U.S.-Soviet military balance.

Jeff Subko, Democratic Senator James Exon's legislative assistant for defense matters, says La Rocque "was an admiral, that carries something, but I wouldn't consider him one of the top experts." Jim Hickey, legislative assistant to Congressman Herbert Bateman, says he is "surprised, reading La Rocque's writings, that he was even in the military... I find their material lacking in strategic logic." Mike Lofgren with Congressman John Kasich believes "La Rocque is so extreme, it's hard to take him seriously." Mark Kronenberg, legislative assistant for defense issues with Democratic Representative Beverly Byron, says he reads CDI's *Defense Monitor* "for amusement. ... It isn't very credible or objective."

FBI Investigation

This past year, CDI was singled out by the Federal Bureau of Investigation in a 73-page report on Soviet Active Measures in the United States. The report identified CDI and the Generals for Peace and Disarmament (GPD), whose book La Rocque wrote the forward to, as organizations frequently used in Soviet disinformation campaigns on defense issues. The FBI report described how CDI had supported statements made by former Soviet military officers and reported that "the Soviets have effectively utilized statements made by the GPD and CDI officials in their active measures campaigns."

The FBI also wrote that Mikhail Milshteyn, a retired Soviet lieutenant general "affiliated with Soviet intelligence services," met with La Rocque "on numerous occasions." La Rocque has visited Moscow as a guest of the Soviet Institute of the USA and Canada, and another CDI staff member, associate director James Bush, participated in and spoke to a 1986 conference of the World Peace Council, an identified Soviet front group. (Bush, coincidentally, was also commander of the Navy submarine *Simon Bolivar* at the time convicted Soviet spy James Walker did his spying from the submarine.) In 1987, La Rocque brought retired and active duty Red Army officers to Washington, where CDI offered them a platform to criticize the American SDI program and American nuclear weapons. The gathering, which included Milshteyn, was hailed in *Izvestia:* "It can be said that they [the American and Soviet representatives] completely coincided with the wide complex of the peaceful initiatives proposed by the Soviet Union." La Rocque

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responds, "The Soviet Union has adopted some ideas that I have been advocating; I have not adopted Soviet ideas."

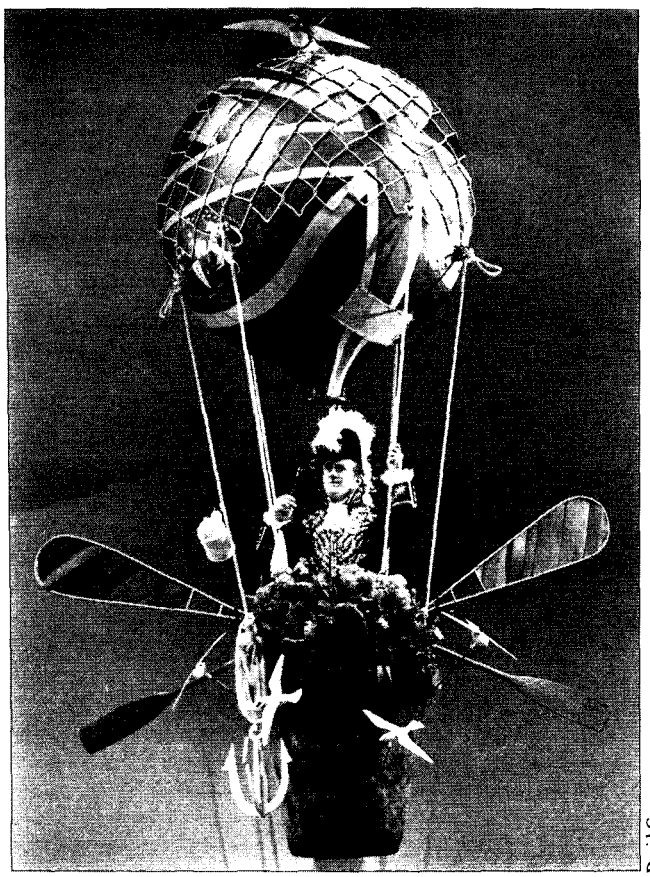
CDI is frequently mentioned in the Soviet press, almost always favorably. In 1981, for instance, a correspondent for Moscow Radio praised CDI deputy director Eugene Carroll, saying: "When I was in Washington quite recently, I happened to be at the Center for Defense Information where I talked with Rear Admiral Eugene Carroll . . . the rear admiral expressed his support for Leonid Ilich Brezhnev's appeal to the U.S. administration to give up dreams of attaining military superiority over the Soviet Union." When correspondent Iona Andronov from *New Times*, an official English-language Soviet publication, arrived at CDI to write an article on the organization, the Soviet propagandist wrote: "I was received there, to my surprise, as something like an old acquaintance." *New Times* quoted La Rocque as saying: "To justify deals running into the thousands of millions, the bogey of military threat is needed. Today, as before, that bogey is 'Moscow.' The Americans are told that the Communists are godless, the Communists fought in Vietnam, the Communists have taken over Angola, and the Communist Mecca is Moscow, Russia. And of late to the old bogey of Communism there is more and more often added an alleged threat from Russia. In this way all-engulfing ideological and national fear is being cultivated."

CDI Misinformation

CDI's reports are an interesting conglomeration of subtle manipulations and excuses for why the United States should not assert itself in defense of democracy. Reports seldom acknowledge any deterrence value in American weaponry. Though the SDI system has not yet been developed, CDI has already concluded in its most recent *Defense Monitor* that: "Any conceivable 'Star Wars' system to intercept ballistic missiles would be vulnerable to simple and relatively cheap countermeasures and could not protect people and cities from nuclear attack." A 1987 *Defense Monitor* on sea-based weapons warns that "without U.S. restraint now, the Soviet Union will also develop more lethal sea-based missiles, thus diminishing the security of both nations."

A 1984 *Defense Monitor* echoes the Soviet Union's criticisms of American forward-based defense aircraft, terming 2,400 American F-111s, F-4s, F-16s, A-6s, and A-7s "tactical aircraft" that are "capable of striking the Soviet Union," but claiming that 260 Soviet Backfire bombers "can only hit the U.S. if they fly at airliner speeds, on one-way missions." In fact, only the F-111 is capable of striking targets in the Soviet Union; the A-6 and A-7 are carrier aircrafts without the capability of striking Soviet targets unless in Soviet waters, and the F-4 and F-16 are utilized primarily for close air support and tactical air missions against Soviet aircraft, while the Backfire, with aerial refueling capacities, is an intercontinental-capable bomber.

A 1974 *Defense Monitor* reports that "most recent U.S. frigates are twice the size of new Soviet cruisers. . . ." However, frigate size is generally not an accurate indication of capability. In a 1985 *Defense Monitor*, CDI attacks the Reagan administration for increasing its support for Special Operations Forces, when, in fact, *Congress* has



David Cooper

"Things are seldom what they seem."
—from Gilbert and Sullivan's *H.M.S. Pinafore*

taken most of the initiative in expanding the program.

Though CDI did once question Soviet arms sales policies in a 1979 issue of the *Defense Monitor*, it has generally portrayed the Soviet Union as less aggressive and threatening than experience would indicate. A 1986 report, for instance, titled "Soviet Geopolitical Momentum: Myth or Menace" concludes that "Soviet foreign involvement has to a large extent been shaped by local conditions over which the Soviets have had little control." The report neglects to place Nicaragua or North Korea on its list of nations under Soviet influence. A 1980 report intending to depict Soviet geopolitical influence since 1945 neglects to cite any Soviet influence in Austria from 1945 to 1955, in Chile from 1970 to 1973, in Iraq, or in North Korea.

A 1975 *Defense Monitor*, published after the fall of Saigon, refers to the NVA's 20-year war against South Vietnam as 'change in the Third World': "Vietnam should have taught the lesson that compulsive resistance to change in the Third World can be very damaging to our interests."

CDI has also worked hard to deny Soviet arms violations and to shift the debate away from this sensitive topic. A 1985 *Defense Monitor*, for instance, assures its readers that "charges that the USSR has violated past arms control treaties are either largely unsubstantiated or arise from ambiguities in the wording of treaties." A 1987 CDI report titled "Soviet Compliance with Arms Agreements: The Positive Record" warns against even discussing Soviet violations: "The administration's efforts to convict the So-

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viet Union of cheating is inconsistent with a serious effort to negotiate nuclear arms limitation agreements with the Soviet Union."

Paul Newman's Salad Dressing

CDI has received much of its support from General Motors heir Stewart Mott (whose mansion first housed CDI), actors Paul Newman and Joanne Woodward (CDI receives a portion of all proceeds from Newman's salad dressing and spaghetti sauce products), and the Joan B. Kroc Foundation, set up by the widow of the man who built the McDonald's fast food chain. Support has also come from the New York-based Fund for Peace, largely financed by stockbroker Randolph Compton, and the Field Foundation of the Chicago department store and publishing fortune. A public financial audit conducted in 1986 revealed total assets exceeding $2 million.

La Rocque "speaks with authority on Naval activities in which he had limited, or zero experience," says Admiral Moorer, former commander of the Seventh Fleet, Chief of Naval Operations, and Chairman of the Joint Chiefs of Staff.

Aside from receiving support from liberal Hollywood heavyweights like Newman and Woodward, La Rocque has also offered his own views on American film. In 1986, La Rocque condemned the patriotic movie *Top Gun,* a top-grossing film about young Navy fighter pilots, telling the *Los Angeles Times:* "It is almost like a fairy tale. I hate these films. They glorify war and militarism. And that's dangerous."

Today, La Rocque and CDI find themselves in perhaps the most uncomfortable political position in the organization's 16-year existence. After several years of consistently criticizing Reagan defense budgets, programs, and policies, CDI is now changing its tone toward Ronald Reagan, and generally supporting the president's recent INF agreement and urging him to follow through on his stated desire for 50 percent reductions in long-range missiles. The organization that once placed itself to the left of Jimmy Carter, condemning the Democratic president's new militarism toward the end of his term, is now quietly applauding the first president to bring about reductions in nuclear armaments—Ronald Reagan. As a headline of a recent CDI defense paper described Ronald Reagan's treaty: "The INF treaty makes good common sense."

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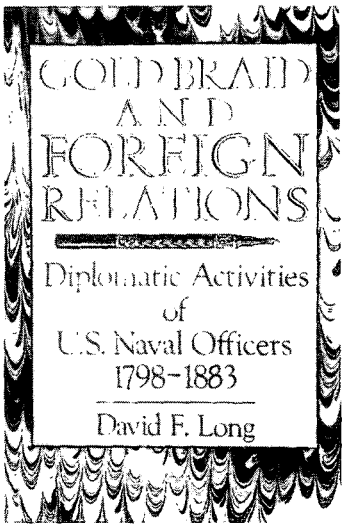

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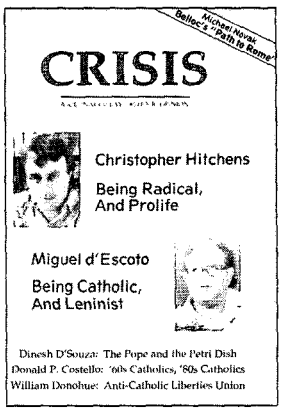

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A Martial Plan for Central America

Militarism Is Bone and Soul of the Sandinista Revolution

Humberto Belli

Since coming to power in Nicaragua in 1979, the Sandinistas have been building a military civilization unprecedented in Central American history. Already Nicaragua possesses one of the largest standing armies of Latin America—75,000 regular soldiers and close to 100,000 militiamen—in a population of scarcely three million citizens. By the 1990s, according to revelations by a high-ranking defector, Major Miranda, the militia will increase in size to 600,000. But the militarism of Nicaragua is not to be measured simply by the energy and resources devoted by this impoverished country to war or defense. We must speak as well of an ethos: the entire cultural-psychological universe of the Sandinista regime is infused with military values and attitudes.

The March incursion into Honduras should put to rest any thoughts that this military civilization will wither away as a result of the Arias peace plan or the denial of U.S. military aid to the Contras. On the contrary, Defense Minister Humberto Ortega confirmed Miranda's revelations that the Sandinistas intend to expand their forces even if relations with their neighbors and the United States are "normalized." The militarism of the Sandinistas preceded the Contras, and it is by no stretch of the imagination a defensive reaction to the threat of a U.S. invasion. Instead, militarism is bone and soul of the Nicaraguan revolution, one of its most essential and permanent ideological elements. It is also intrinsic to the psychological makeup of the Sandinista leaders. The Sandinistas could not demilitarize Nicaragua without threatening the foundations of their sociopolitical order.

AK-47s Against the Sky

Military imagery permeates all realms of Nicaraguan society. The most impressive monument erected by the Sandinistas in Managua is a huge statue of a worker defiantly brandishing a Soviet AK-47 assault rifle against the sky. As in Castro's Cuba, the real leaders of the revolution are all "comandantes" (commanders) in military uniform, except when a public relations consultant advises President Daniel Ortega to wear a business suit on visits to the United States. The logo of the Sandinista newspaper, *Barricada,* carries a graphic of a guerrilla fighter shooting his gun from a barricade.

The speeches of the comandantes are riddled with words of battle—"enemies," "annihilate," "defeat," "crush," "attack," "offensive"—even when referring to issues such as agriculture. When addressed by the comandantes, the regime's supporters are instructed to cry out, "National Directorate, we await your order!" Students in a literacy campaign in 1980 were organized in "brigades." Coffee and cotton harvesters are divided into "production battalions."

Elementary school textbooks teach children to add by counting hand grenades and bullets. Children are also taught to hate the United States. At military parades they are directed to shout phrases such as "Free fatherland or death!," alternating in a chorus of raised fists with "Here, and there, the yankee shall die!"

A messianic, sometimes apocalyptic, vision of world revolution often finds in the comandantes some poetic expression, such as this from Minister of Interior Tomas Borge: "New offspring of history are being born in the midst of grief, anguish, and heroic splendor. Social revolution is the order of the day in Africa, Asia, and Latin America. Central America is being rocked with social earthquakes."

Good Marxmanship

One origin of the Sandinistas' militarism is their Marxist-Leninist worldview. For Marx and Engels, history was literally a battlefield of antagonistic classes, in which bourgeois society could only be destroyed through violent revolution. Lenin, repudiating pacifist socialists, wrote that "National wars against the imperial powers are not only possible and probable; they are inevitable, progressive, and revolutionary."

Humberto Belli, *a member of the Sandinista party until 1975, was editorial page editor of* La Prensa *(Managua) from 1980 to 1982, and is currently associate professor of sociology at the Franciscan University of Steubenville. He is author of two histories of the Sandinista revolution,* Christians Under Fire *and* Breaking Faith. *His article is adapted from a paper given at a Foreign Policy Research Institute conference on the possibilities of reform in Communist countries.*

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Ceasefire or no ceasefire, the most conspicuous monument erected in Managua is a "worker" brandishing a Soviet AK-47 assault rifle.

As James Payne and other scholars have shown, Marxist-Leninist governments invariably keep a much higher percentage of their citizens under arms than do their neighbors. Cuba, for instance, has a regular army of 297,000, Latin America's largest, as well as a "territorial militia" of more than one million people, even though it has a population of only 10 million. Although Cuba's huge army is ostensibly intended to defend the island against invasion, Castro has kept an estimated 40,000 troops in Africa for the past 10 years.

The Sandinistas have been no exception to this pattern. They organized their enormous national militia within the first weeks of coming to power, at a time when the revolution enjoyed the overwhelming support of most Nicaraguans and Western nations. Within a year of the revolution, the Sandinista army was double the size of Somoza's National Guard. By November 1981, when the Contras numbered 400, the Sandinista army had 40,000 soldiers, the largest force in Central America.

In 1984, Comandante Luis Carrion declared that "military preparedness and increased military strength" are "permanent tasks" to be carried out "until the United States ceases to be imperialist"—that is, in Marxist-Leninist terminology, until bourgeois capitalism is overthrown and the United States becomes socialist.

Living Like Ché

Martial imagery also has deep psychological roots in the Sandinistas' personal lives. All nine comandantes in the National Directorate of the Sandinista Front were full-time guerrillas and conspirators from an early age. Most were high school or college dropouts. None familiarized themselves with secular trades, jobs, or professions. Nor did they acquire training in running businesses or institutions, except their peculiar guerrilla operations.

From their adolescent years as children of predominantly middle-class families, until coming to power, most Sandinista leaders have been people with guns. Many have lived dangerous lives. Some have killed—as the Ortega brothers and Tomas Borge did during their insurrectional years. Some have experienced prison and torture. None has lived what may be considered a normal life, centered on work and family. Their weapons are the symbol of their identity, as the crucifix is for Christians. Some Sandinista couples were even pronounced "married before the revolutionary rifle" during the war and its aftermath.

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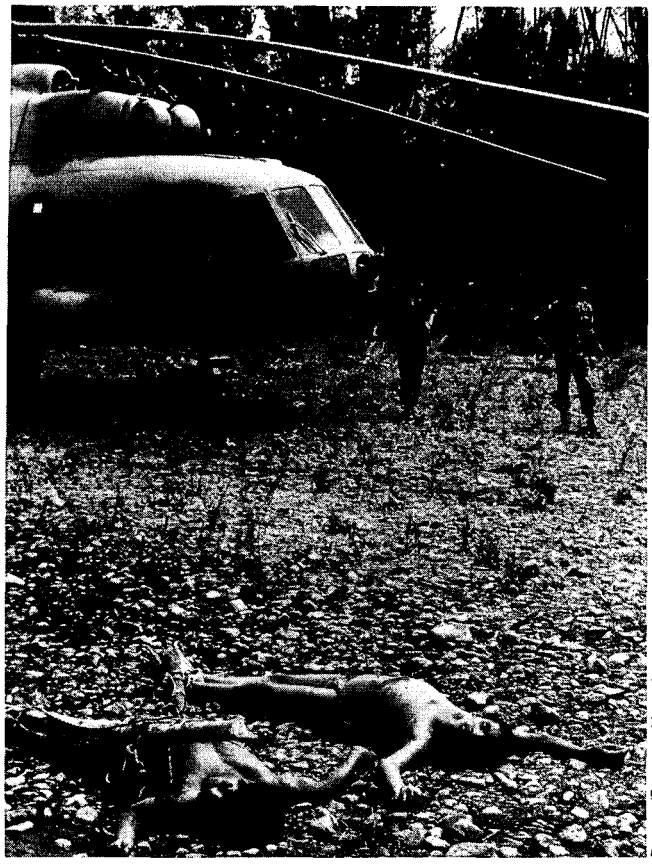

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Victims of a Soviet Mi-8 helicopter.

It took the Sandinista front almost 18 years of armed struggle to topple the Somoza government, and, in the process, at least half of the leaders of the revolution perished. For most of this period, the Sandinista leaders scorned those who opposed Somoza in the conventional political arena or through the trade union movement; in the 1970s, Humberto Ortega dismissed trade unionism as a part of imperialism's plan to promote a "bourgeois democratic way out" of the revolutionary crisis. For the Sandinistas, legality meant cooptation into the bourgeois system.

In a state of war Nicaragua's youth are forcibly removed from the influence of their parents and can be resocialized into the new revolutionary values.

The Sandinistas thus tended to attract young fighters who like war—an ancient propensity among adolescents of many lands—or who were convinced of the redeeming and cleansing power of revolutionary violence. For them the life of the guerrilla revolutionary was the highest calling to which a person could ever aspire, to die as a guerrilla the most glorious of deaths. "One has to be like Ché!" cried the Sandinista poet Leonel Rugama. Following Franz Fanon, the Sandinistas were convinced that revolutionary violence liberates man from his bourgeois nature, allowing him to transcend his origins and become a new man. Sandinista comandante Omar Cabezas, for instance, refers to his first combat experience in this fashion: "That was the first time I killed a man. I felt an immense happiness, like the tension of centuries had been released." It is safe to say that the Sandinistas even glorified, rather than lamented violence.

When the warriors came to power, they were suddenly confronted by challenges more prosaic than the thrills of preparing ambushes and counterambushes. They had to restore a battered and war-torn nation with a devastated economy; they had to govern, a task for which they were ill prepared. It was more appealing to remain at war than to reconcile the political demands of insistent housewives and peasants, consumers and producers. The Spartan model was therefore more attractive psychologically than the Athenian. As heads of a society confronting a dangerous enemy, the Sandinista leaders could reenact the only roles where they felt really comfortable. They did not even have to change their clothes.

Capture of Youth

Even more important, perhaps, than its ideological and psychological usefulness, militarism serves the practical interests of an unpopular regime that needs to legitimize and consolidate its power. Sociologists have long pointed to the strengthening of a feeling of community in the presence of an external threat. The Sandinistas have used the specter of war, both the Contra rebellion and the supposed threat of a U.S. invasion, to justify emergency measures, mobilization of the population, the crushing of dissent, the suspension of laws, and failures of the economy. The Sandinista government, which does not portray itself as Communist, has found it difficult to legitimize its repression. Having a real enemy to fight helps to solve this problem, provided that the enemy does not become too strong.

A related contribution of the warrior state is its capture of youth. Half of Nicaragua's population is under 20. Since wars are waged by young people, a state of war entitles the Sandinista regime not only to mobilize but to confine and train the country's youth. Soldiers in Nicaragua have only limited contact with their families; they cannot listen to radio broadcasts from the outside world. The new generation is thus forcibly removed from the influence of its parents and can be resocialized into the new revolutionary values.

Many young people resist these efforts; in fact, close to 100,000 youth have left Nicaragua since 1979. But a good number find that going into the military is a respectable means of breaking away from the routine authority of family and school and the monotony of work on farms or in factories. They also find in military life a higher degree of moral freedom and license. The values of military society stress qualities that often appeal to young males: physical strength, endurance, agility, aggressiveness.

At any one time, more than 100,000 young Nicaraguans,

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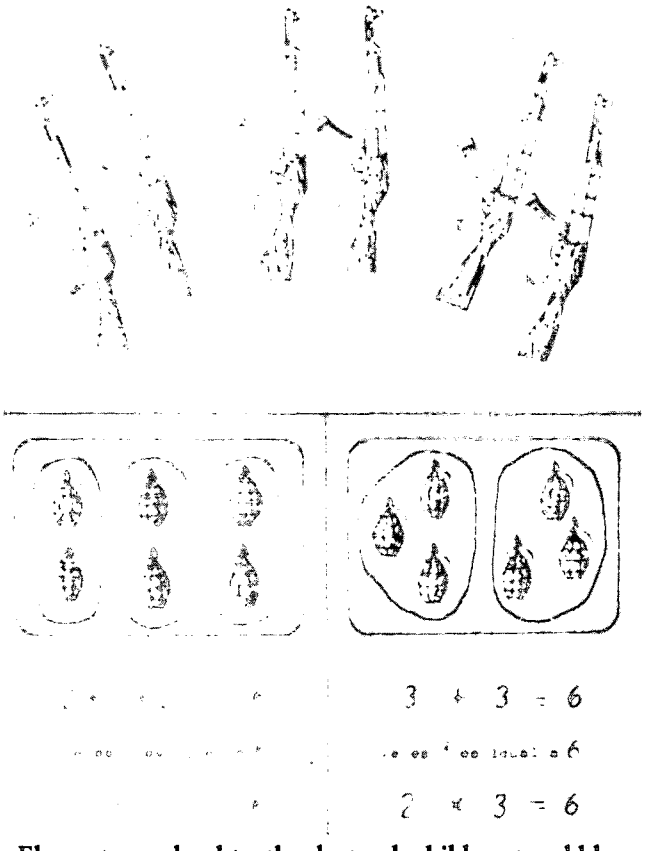
or roughly 20 percent of the economically active population, are involved in military service. Besides creating the ideal conditions for resocialization, this sequestration limits the possibilities of internal revolt, since armed upheavals are usually carried on by young people. It also helps the Sandinistas absorb the high unemployment of the Nicaraguan economy.

A state of war and mobilization, to be sure, does entail some substantial costs. The economy has been crippled, and the scarcity of food has made the rationing card almost obsolete. The state can no longer provide consumers with their allotted quotas. At the same time, economic hardship has some payoffs. Nicaraguans are so busy searching for food in the black markets that they can hardly afford the luxury of participating in antigovernment meetings and organizations. Contrary to some common beliefs, insurrections and rebellions do not thrive in populations that are frantically trying to survive. Riots may eventually erupt, but it is unlikely that action will be concerted.

It is difficult to see how the Sandinistas could democratize without jeopardizing the militarism so essential to the Sandinistas' ideology, their psychological makeup, and their ambition for internal control. A free press and free institutions are highly threatening to a militaristic society. The Sandinistas have come under increasing pressure to liberalize, and knowing that wars can be won or lost in the arena of international opinion, they have been forced to make some concessions. How they will cope with this challenge without undermining their own civilization is unclear. For the warrior states are very reluctant to turn their swords into plowshares. ☎



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Elementary school textbooks teach children to add by counting hand grenades and bullets.

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QUARK BARREL POLITICS

Should We Be Spending $5 Billion for the Higgs Boson?

REPRESENTATIVE DON RITTER

Deciphering high-energy particle physics resembles learning a new language. According to the current theory, the "Standard Model," particles with names like "quark," "lepton," and "neutrino" are held together by "strong" and "weak" forces, and interact to produce the building blocks of matter. The existence of some of the more exotic particles—such as the "Higgs boson"—is still highly speculative.

Existing accelerators cannot produce enough speed for particle physicists to test and verify their new theories. So the particle physics establishment has been lobbying the federal government to finance the Superconducting Super Collider (SSC), a $5 billion, 52-mile racetrack for proton bashing. The SSC would be five times more costly and vastly larger (52 miles vs. 4 miles) than any existing particle accelerator; it would provide more speed and instrumentation in the worthy cause of better understanding how the world works.

A growing number of scientists, however, are arguing that this is $5 billion we can ill afford to spend.

Princeton Physics Nobel Laureate Philip Anderson has testified to Congress: "I do not accept that doing so [building the SSC] is as urgent nationally as many other scientific needs of the country."

James Krumhansl, professor of physics at Cornell, wrote to Department of Energy Secretary John Herrington in February, 1987, that "proceeding with the SSC project for the next few years would be folly," adding that "this investment [in the SSC] will do nothing to improve our scientific, technological, or industrial competitiveness."

Rustum Roy, director of the Science, Technology, and Society Program at Pennsylvania State University, wrote in a December, 1987, essay entitled "Against the SSC: Unnecessary Engineering In The Wrong Cause," that "the SSC is a poor choice as good science [and] a total disaster as U.S. national science policy."

There are at least three major scientific objections to the SSC:

1) Most scientific breakthroughs originate from "small science."

Enterprising scientists are making advances almost daily in cutting-edge fields such as superconductivity, photonics, robotics, supercomputers, semiconductors, biotechnology, and advanced manufacturing sciences. The major challenge to America today is to capitalize upon these remarkable discoveries and beat the global competition to the marketplace with quality products and services.

The SSC won't do that; it will only promote more of the most basic research in delving into the nature of matter. One leading particle physicist told Congress in 1987 that "the SSC represents a convergence of many temporal roads, some stretching back in time to the very beginnings of scientific thought with the question, still fresh after 2,500 years, 'How does the world work?' " Put another way, the claim is that the SSC will prove the Standard Model. The SSC is mostly pure knowledge for its own sake.

There is real merit in such a quest, but is now the time? Solid state physicists, such as Professor Anderson and Professor Krumhansl, argue that the SSC is remotely related to real world challenges. New advances in areas such as superconductivity, they claim, spring from individuals and small groups operating in their laboratories, not from super-sized, super-politicized projects.

Professor Anderson wrote recently in the *New York Times:*

> What is being systematically squeezed out to fund these "super" projects is what we practitioners call "small science," in which an individual or small group of academics operates independently in a field that does not require a lot of expensive equipment and an enormous team of researchers. We work on our own ideas and follow the direction that science takes us. This is almost the only direction that produces things that are really new under the sun.

Some scientific tasks require large efforts and massive teams of researchers. Many of the advances in the space program, for example, could not have been made through "small science." But the revolutionary advances in fields

DON RITTER, *who has a doctorate in physical metallurgy from the Massachusetts Institute of Technology, represents the 15th district of Pennsylvania. He is the only scientist in the U.S. Congress.*

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that will shape our standard of living in the 21st century—such as superconductivity—will originate from the "small science" setting described by Professor Anderson.

2) The SSC would siphon off our best scientific minds from more urgent fields of endeavor.

The SSC's supporters have said that it will excite our youth and motivate them to become the next generation of high energy physicists. That, however, may be a good reason to *oppose* the SSC: American science and technology already draw from a limited talent pool, due in part to the dismal state of science and math education in our public schools. We need more electrical and electronics engineers, solid state, molecular, and chemical physicists, and material scientists who can make discoveries and applications. The SSC would siphon the best minds away from more urgent fields of endeavor.

Bell Laboratories Nobel Physics Laureate Arno Penzias has said, "In building the super collider our nation will be constructing yet another temple to the one-dimensional hierarchy of prestige that equates the most atomistic science with the most blessed." High energy physics is valuable, but not at the expense of all other science. The SSC would send a signal to the next generation of American scientists that there is lesser prestige in applications-oriented scientific fields, which would greatly harm our ability to develop the products that will enable us to compete in the global economy.

3) Scientists in all basic research fields would suffer funding losses.

The SSC has been included in the Fiscal Year 1989 Reagan administration budget along with the Super Shuttle, the Space Station, a $500 million clean coal initiative, and a 19 percent increase in National Science Foundation funding. Spending for these programs and other physical sciences, technology, and space programs falls into the same budgetary category, budget function 250, whose proposed $3.2 billion increase in spending this year is greater than the entire increase in domestic discretionary spending allowed by the budget summit agreement. Something has to go!

The warning signs are clear about where the ax will fall. Scientists involved in basic, less than "super," research are already losing vital research dollars. *The Scientist* reported November 16, 1987, that scientists feared cuts in their programs from the twin blows of federal deficit uncertainty and the then stock market woes. Professor Anderson reports that he and other leading physicists received phone calls from National Science Foundation contract officers, informing them that their funding for Fiscal Year 1988 was being cut between 12 and 20 percent.

And scientists fear further cutbacks after the SSC is funded. At last year's hearing on the SSC authorization request, Sheila Widnall, then president of the American Association for the Advancement of Science (AAAS), said, "If proceeding with the SSC means anything less than vigorous growth in support for basic research on a broad front, we would be forced to recommend reluctantly that it be deferred." New appropriations—a funding stream of $400 or $600 million for each of the next 10 years, plus an estimated $270 million per year in operating costs—are simply not available without severe cutbacks in existing projects or delays in promising new ones.

No Help from Abroad

Knowledgeable physicists have advised Congress not to expect significant help from abroad. German scientists testified to that effect in 1987 before the House Science, Space, and Technology Committee. Administration officials and the DOE have talked to our allies, but have failed to secure formal commitments; they say that Japan and Western Europe will contribute only after we make our investment. We can expect that Japan and Western Europe will continue to spend the great bulk of their R&D dollars on projects that enhance their global competitiveness in science and technology. If we allow it, they'll take the free ride on America's SSC.

High energy physics is valuable, but not at the expense of all other science.

Research directors at industrial laboratories are also speaking out against the SSC. J. N. Dempsey, vice president of science and technology at the Bemis Company in Minneapolis, writes that the "SSC should be delayed until we sort out the priority programs that bear on the very survival of the country." J. J. Wise, vice president for research of the Mobil Research and Development Corporation in New Jersey, writes that "the construction of the SSC [cannot] be justified at this time."

C. K. N. Patel, executive director of research for AT&T Bell Laboratories, rejects as "patently unjustified" the argument that SSC will contribute technological spin-offs; "high energy experimental physics has not and will not contribute much to the science and technology of manufacturing." "Our nation's international status in manufacturing sciences is slipping," writes Mr. Patel. He recommends investment in scientific disciplines that have some more direct relation to products, processes, and applications that will revitalize our technological competitiveness.

Steel, Concrete, and Pork

Let's be honest: The SSC has survived all rational scrutiny because it is great pork barrel for politicians seeking federal funds for their districts and states. It will require 10,000 magnets, $217 million of steel and concrete, 4,500 construction workers, 11,000 acres of land, and 3,000 employees to run it. Some observers have labeled it "quark barrel." With its estimated price tag of $5 billion in today's dollars (before any projected cost overruns), it would be one of the largest public works projects ever undertaken by the federal government. From the inception of planning for the SSC, over 30 states lined up at the trough, anxiously anticipating the billions of dollars in federal funds that the

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SSC would provide. It was, to put it mildly, raw pork politics on a level heretofore unseen.

It was also a genius political move—to encourage all those states and their congressional delegations to back the project even though most didn't have much chance of getting it. Only a handful of states possess the resources, scientific infrastructure, and high energy physics community that one would need as a prerequisite to locate the SSC. Still, the DOE continually crowed throughout the initial weeding-out process that all proposing states stood on equal footing. It had to do this: the loose confederation supporting the SSC would have fallen apart at any suggestion to the contrary.

The SSC will require 10,000 magnets, $217 million of steel and concrete, 4,500 construction workers, 11,000 acres of land, and 3,000 employees to run it. It would be one of the largest public works projects ever undertaken by the federal government.

Some 25 senators, representatives, and governors marched into two days of House Science Committee hearings to extol the virtues of the SSC. In five terms in the Congress, I haven't seen anything like it. State after state claimed that it was the only logical site for the SSC, and some even went so far as to spend millions of dollars on their proposals and offer extensive incentives to attract the SSC. Only a few had any idea what an SSC would do.

I attended those hearings, and the record will bear me out when I say that those who promoted the SSC didn't even attempt to make the substantive, technical case for the project. Most of the arguments I heard were devoted to why a particular state was best suited to be the SSC's home. In the rush to secure the project, few seemed to notice—or lament—the abandonment of concern for America's science priorities. A new definition of "political science" was born.

Why the Reagan Administration?

Ironically, this budget-cutting administration, which opposed the Highway Bill and Clean Water Bill on "pork barrel" grounds, has fallen head over heels for the biggest porker yet. The Department of Energy shrewdly timed the SSC site selection process to take maximum advantage of the fervor over getting the SSC. It scheduled its press conference in which it announced that it had whittled the number of sites left in the competition to eight until after the congressional vote on FY 1988 appropriation of some $35 million. It delayed its final site selection until after the next election, after the pending vote on the FY 1989 appropriation covering one year out of 10 for SSC construction funds, and will announce the winner of the SSC shortly before the inauguration of our next president. The funding headache in the "out years," practically the entire effort, will be someone else's.

Naturally, the new president won't be too popular with the citizens of the winning state if he rejects the SSC. The next president will have the burden of coming up with funding for 10 years at approximately $500 million per year to complete the SSC. If the deficit miraculously disappears, it will be easier, but if not, it looks like we're in store for a showdown over appropriations year after year. The Clinch River breeder reactor project, for example, was finally scrapped after several billion dollars had been invested. So much for long-range thinking.

The SSC's proponents have so far been unable to point to the kind of potential spin-offs, technological or otherwise, that would justify the $5 billion price tag. Until they do, we must conclude that other research projects yielding economic, medical, and technological payoffs should receive higher priority.

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Know Thy Enemy

A pre-summit bibliography by Arnold Beichman

Seventy years after the Bolshevik Revolution, the social cataclysm that introduced the politics of scientific heartlessness, uncounted millions of words in many languages have been written about the Soviet Union and about Lenin's revolution. It is, therefore, all the more astonishing to realize that most Western statesmen know little about the strategies of the Soviet Union for world conquest and the motor that drives those strategies—Marxism-Leninism.

Had President Roosevelt and his *éminence grise* Harry Hopkins understood Lenin's revolution, they would have understood Stalin's resolution and they would not have made fatal miscalculations about the Soviet Union's imperialist treaty diplomacy. Here, for example, are the words of Harry Hopkins after Yalta in 1945:

> We were all convinced we had won the first great victory for peace, and when I say we, I mean all of us, all civilized mankind. The Russians had proved that they could be reasonable and farsighted and neither the president nor any one of us had the slightest doubt that we could live with them and get on peaceably with them far into the future.

And listen to the words of Roosevelt himself on Stalin:

> I think that if I give him everything I possibly can without demanding anything in return, then *noblesse oblige*, he will not attempt to annex anything and will work to build a peaceful and democratic world.

In recent years an extraordinary number of first-rate books about the Soviet Union and Soviet-American relations by academics and journalists, some Westerners and some Soviet emigrés, have been published. For an intelligent person today to be ignorant of the meaning of Soviet intentions can only be seen as an act of willful zealotry. For a president of the United States to be that ignorant—President Carter is the classic example—should be grounds for impeachment, and for a presidential candidate to be so ignorant should be grounds for an overwhelming rejection by a nominating convention.

However, since such a happy state of events is far distant, the electorate might be well advised for the safety of the Republic to learn the modern meaning of Marxism-Leninism. I have selected 30 books about Soviet affairs (many in paperback) that demonstrate the unchanging Soviet strategic reality. Tactically, the Soviets are always changing but—strategically? As Milovan Djilas once wrote:

> Communism has always been changing, remaining in essence always the same . . . [T]he essence of communism—power and ideology—cannot change.

Paul Hollander's *Political Pilgrims* brilliantly describes those intellectuals in the West for whom the god of Communism never fails, who buy and sell indulgences, whether on behalf of the latest Leninist disasters such as Nicaragua or Ethiopia or on behalf of the first Leninist power, the Soviet Union. **Jean-François Revel**'s polemical analysis, *How Democracies Perish,* deals with the aftereffects of 20th century liberal public opinion and with how influential "political pilgrims" endanger the Free World.

One of the most important and highly readable books in recent years about the USSR is by the Soviet emigré **Michael Voslensky.** *Nomenklatura: The Soviet Ruling Class, An Insider's Report* accurately depicts the hierarchical Soviet leadership and bureaucracy, the grandiose manner in which it functions, and the arrogance it exhibits toward the people that it presumably serves. **Milovan Djilas'** classic *The New Class* is a good supplement to Voslensky. After reading Voslensky and Djilas one can understand what Trotsky meant when he described the Soviet regime as a dictatorship *over* not *of* the proletariat.

A considerable body of knowledge, usually anecdotal rather than analytical, can be found in the reports of foreign correspondents who customarily write a memoir after they leave their Moscow assignment. Frequently these books contain new material the reporters never dared send to their newspapers while they lived in the Soviet Union. In this category there is an embarrassment of riches: Robert Kaiser, Andrew Nagorski, David Shipler, among others. I prefer **Kevin Klose,** *Russia and the Russians,* and **Hedrick Smith,** *The Russians.* Klose's book contains a memorable—and explosively meaningful—sentence uttered by a Russian friend: "When Westerners think of the KGB, they think of spies. When we think of the KGB we think of our neighbors."

The best readable history of the Soviet Union is **Mikhail Heller** and **Aleksandr M. Nekrich**'s *Utopia in Power: The History of the Soviet Union from 1917 to the Present.* The authors, Soviet emigrés, understand that the Soviet Union we have known all our lives was fabricated in the first five

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ARNOLD BEICHMAN *is research fellow at the Hoover Institution and coauthor of a biography of Yuri Andropov. He is a regular columnist of the* Washington Times.

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FDR on Stalin: "If I give him everything I possibly can without demanding anything in return . . . he will not attempt to annex anything and will work to build a peaceful and democratic world."

years of the revolution and that Stalin was the perfect, if not inevitable, successor to Lenin. There are some aspects of the book I do not like, such as the authors' awe at the Soviet Union's industrialization and a discomforting sentimentality about Nikita Khrushchev, the Soviet party head who was ousted in 1964 by a palace coup.

Merle Fainsod's pioneering work *How Russia Is Ruled,* one of the early examinations, exemplifies something Blake once said, "What is now proved was once only imagined." Unfortunately, Harvard University Press gave the Fainsod book for updating to Jerry Hough, who, in the words of Richard Pipes, actually "subverted Fainsod's fundamental thesis." If you can find the original Fainsod, buy it.

Perhaps here is the place to bring in the awesome works of **Alexander Solzhenitsyn**, the towering moral figure whose influence in the West, especially in France, cannot be exaggerated. There is now a one-volume edition of *The Gulag Archipelago,* a 500-page condensation of this multivolume work. A concomitant work would be *One Day in the Life of Ivan Denisovich,* an unforgettable novella about life in the gulag.

Many excellent books about the Soviet Union either go out of print or become dated. A victim of such problems is **Robert Conquest**'s *The Great Terror,* out of print and now being updated by the author. If you can find a copy, buy it because it still is the best history of Stalin's mass murders. The updated edition would be of importance to Sovietologists, not to the general reader. (Also take note of Conquest's most recent book, *Harvest of Sorrow,* a history of Stalin's collectivization and terror-famine half a century ago.) I would also include here an excellent biography by **Stephen F. Cohen,** *Bukharin and the Bolshevik Revolution,* which explains Stalin's war against his comrades.

Adam Ulam, who for decades has been writing quietly in his office at the Harvard Russian Research Center, has authored some of the best modern history extant, including biographies of Lenin and Stalin. While whatever you find of Ulam will be worthwhile reading, most notable is his trilogy—*Expansion and Coexistence, Dangerous Relations,* and *The Rivals*—on the history of Soviet-American relations. Add, too, another important book on Soviet-American relations—**George Kennan**'s *Russia and the West Under Lenin and Stalin,* a study of the relationship between the Soviet Union and the West from the inception of the Soviet regime in 1917 to the end of World War II. One may not always agree with Kennan's conclusions but it is always a pleasure to read his prose.

One of the great scholars of Soviet history is the late **Leonard Schapiro,** whose works are indispensable to an understanding of Communism. While all of his books are important, especially his history of the Communist Party of the Soviet Union, I would put as *primus inter pares* his *Origin of the Communist Autocracy.* It is beautifully written, as is a just-published collection of some of his essays under the title *Russian Studies.*

A history of pre-Bolshevik Russia is also essential. At the top of my list is **Richard Pipes**' *Russia Under the Old Regime.* He poses an interesting question: why in Russia—unlike the rest of Europe—"society has proven unable to impose on political authority any kind of effective restraints." I would also include **John B. Dunlop**'s *The Faces of Contemporary Russian Nationalism.* The author covers the spectrum of contemporary Russian nationalism and makes important policy recommendations.

While the books described in this section generally are out of print, they often may be found in libraries or second-hand bookstores.

Autobiography can illustrate poignantly what it means to live in a Communist state. **Vladimir Bukovsky**'s *To Build a Castle* deals with his dissidence and a decade of incarceration in Soviet jails and psychiatric institutions for demanding the right to exercise civil rights "guaranteed" by the Soviet constitution. What makes this work a delight to read is its "gallows humor," reminiscent of Gogol's play *The Inspector-General.*

Galina Vishnevskaya's *Galina: A Russian Story* documents Voslensky's book on the *nomenklatura.* Vishnevskaya, an opera star in Russia, is the tough-minded wife (how else could she have survived?) of the Russian cellist and conductor Mstislav Rostropovich. **Nadezhda Mandelstam,** widow of the great Russian poet whom Stalin had killed, has written *Hope Against Hope,* which describes the paralyzing seductiveness of the word "revolution" for Russian intellectuals like her husband and the price they paid for their blindness.

Whittaker Chambers' *Witness* was published long ago but few autobiographies are as moving and as instructive about the meaning of Communism. I would couple with this work, *Out of Step,* the autobiography of **Sidney Hook,** who has been studying and fighting Marxism and Communism for half a century. These two books document the origins of the Cold War.

There are two readers, that is, collections of essays, that I recommend highly. The first, *Soviet Strategic Deception,* deals with the philosophy, history, and strategy underlying the covert Soviet "disinformation" and *maskirovka* program against the West and with the U.S. vulnerability to

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Soviet deception.

The second reader is the comprehensive *The Future of the Soviet Empire,* an excellent collection of "bottom-line" assessments of the future of the USSR. Some of the finest analysts of Soviet affairs address here almost every aspect of Soviet society and politics. The last chapter, by the editors **Henry S. Rowen** and **Charles Wolf,** recommends a U.S. strategy toward the USSR that should be widely discussed and read by the platform committees of the 1988 conventions.

Also worth reading are the useful annual reference works *Yearbook of International Communist Affairs* and *Soviet Military Power,* a Pentagon publication. Both contain highly relevant information about—may I, Mr. President, still call it?—the evil empire.

Of course, no bibliography would be complete without mentioning, at least in passing, Thomas Sowell's *Marxism: Philosophy and Economics* and Lezsek Kolakowski's *Main Currents of Marxism: Its Rise, Growth, and Dissolution.* Alec Nove's *Economics and Politics in the USSR; Breaking with Moscow,* by Arkady N. Shevchenko, the Soviet defector from the United Nations; Zbigniew Brzezinski's *Game Plan* (on the geostrategic framework for the U.S.-Soviet Union confrontation); James Billington's *Fire in the Minds of Men* (on what makes the Soviets what they are); or a good anthology of Lenin's writings such as *The Lenin Anthology,* edited by Robert C. Tucker.

Reading List

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Kulturkampf

Cultural Conservatism: Toward a New National Agenda, *by William Lind and William Marshner (Washington, D.C.: The Institute for Cultural Conservatism, $7.95).*

Reviewed by Philip F. Lawler

Since I applaud virtually all the ideas, why do I dislike the book? The trouble begins with the subtitle: "Toward a New National Agenda." How does one go about setting an agenda for the transformation of culture?

Nietzsche might provide an answer, but not one that

PHILIP F. LAWLER, *former managing editor of* Policy Review, *is editor of* The Pilot, *the official newspaper of the Archdiocese of Boston.*

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would please the authors of *Cultural Conservatism*. Their book, their Institute, the entire movement that they hope this book will inspire—all are based on an explicit rejection of the Nietzschean approach, a contempt for cultural radicalism. *Cultural Conservatism* represents an effort to restore an old, respected, bountiful culture, not to overturn it and start anew.

Still the question remains: how to set an agenda for culture. Commission a few string quartets for the first few weeks, perhaps? Follow up with the long-awaited appearance of the great American novel? No: It doesn't work.

Culture springs from faith; can one construct an agenda for the resuscitation of faith?

Moreover, the authors of *Cultural Conservatism* don't really address all the broad questions of culture. True, they provide short chapters on the Family, Education, and Religious and Moral Institutions, but the bulk of the book is absorbed with more recognizably political issues: Economics, Welfare, Crime and Punishment, and Military Reform. Despite a great many flashes of insight, *Cultural Conservatism* is just another book about politics.

The push toward cultural conservatism, or traditionalism, is not a new one; it has been a staple of conservative thought in the United States over the last few generations. The philosophical split within the conservative movement has plagued and sometimes paralyzed the politics of the Reagan administration: libertarians and traditionalists make strange bedfellows, and stranger public policy. But it is progress, at least, to recognize differences rather than to ignore them. *Cultural Conservatism* is an unabashed and consistent statement of the case for the traditional view.

The Need for Shared Beliefs

Anyone who takes traditional conservatism seriously should become familiar with Russell Kirk, the *fons et origio* of traditional conservatism in its contemporary American variety. And anyone familiar with Kirk should know—since Kirk makes the point frequently—that "culture" is a function of "cult." A society's behavior—its commerce, its family life, its art, its politics—flows out of its fundamental beliefs. Beginning with those shared beliefs, people build a way of life that is consistent, satisfying, and productive—as seen from the perspective of those shared beliefs.

Take away that base of fundamental agreement, and the society no longer makes sense. Each individual manifestation of the culture may continue to perform admirably. The economy may continue growing, the schools may continue churning out new graduates. But regardless of these superficial successes, the society is deeply troubled. When the cult dies, so does the culture, and the society as a whole cannot long survive without it.

This, of course, is precisely the concern of *Cultural Conservatism*. But once again our original question comes roaring back to the forefront of the argument. Culture springs from faith; can one construct an agenda for the resuscitation of faith?

Notice in passing that "faith" does not *necessarily* mean religious faith. A culture can survive as long as the society's members share some fundamental concepts about the nature of human life. For instance, the natural-law tradition that undergirds our own political culture is hospitable not only to Christians and Jews, but also to anyone who sympathizes with the thought of classical Greek humanism.

Misunderstanding Natural Law

Insofar as *Cultural Conservatism* seeks to resuscitate American political culture, the most important contribution would be to restore the currency of the natural-law tradition. Here, unfortunately, the book does more to aggravate the problem than to solve it. Consider:

1) Throughout the book, the authors speak about the importance of inculcating and protecting "values." That word, "values," suggests a radically untraditional approach to morality. We all uphold principles, and beliefs, and articles of faith; these are (or we perceive them to be) *facts,* whose existence is independent of our will. But *values* are, almost by definition, things we create ourselves; things have *value* if we, by an act of will decide to attach value to them. Promoting "values," then, means trying to *create* a culture, without benefit of cult. This is cultural radicalism, regardless of its motivation.

2) In a chapter proclaiming "A Cultural Conservative Bill of Rights," the authors intone: "Unless a nation's culture supports a right, it will have no real existence." Wrong. A natural right exists *by nature:* it is a truth confirmed by the very nature of man. Many societies abuse human rights, but those rights do not therefore disappear; we know what human rights are, even—especially!—when we see them violated. Once again, the telltale wording of *Cultural Conservatism* suggests that the authors have strayed from the logic of their own position.

Is *Cultural Conservatism* a political manifesto with religious overtones, or a religious tract with political ramifications? Unable to answer that question definitively, the authors loose a bewildering potpourri of suggestions: recommended pieces of legislation, proposals for educational reform, ideas on corporate governance, union organizing techniques, new military strategies, and helpful hints for troubled parents.

The great bulk of it is good advice; the suggestions are worth serious discussion. But (here we are again) where do we begin? Even granting that it all should be done, who should do it?

Imposing the Family Wage

Take just one example: the family wage. *Cultural Conservatism* argues that one breadwinner should be able to support his entire family. This means that the father of a large family would be paid more than a bachelor to do the same work. The argument is (to this reader, at least) compelling. But how could the government enforce such a policy, without succumbing first to the comparable-worth

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mentality coming from the opposite end of the ideological spectrum? If employers support the principle of a family wage, they will honor it (assuming that the government does not interfere). The appropriate challenge is to sell employers on that principle, rather than to sell Congress on a piece of compulsory legislation.

The vision behind *Cultural Conservatism* is a healthy one, and its prescriptions for societal change are often wise. To be effective in America today, conservatism must devote itself to the restoration of our culture. For bringing that point into sharp focus, the authors of *Cultural Conservatism* deserve our gratitude. But how do we begin? By spreading faith, it seems, since culture is a manifestation of faith. But how does one spread faith? That is a deep and ancient question, to which I shall offer only a short, negative answer: not by politics.

Scholarly Jeremiad

The Conservative Movement, *by Paul Gottfried and Thomas Fleming (Boston: Twayne Publishers, $18.95 cloth, $7.95 paper).*

Reviewed by George H. Nash

For much of the 1980s, the conservative movement in America has been filled with self-confidence and self-congratulation. After enduring decades of political ostracism and the condescension of those who claimed a monopoly on the future, the Right roared into power in 1981—and speedily beheld vistas of permanent cultural ascendancy. Not even the frustration of Beltway politics in Ronald Reagan's first term dispelled the exhilarating sensation that conservatives finally had "made it" and would not soon be driven into exile.

Since the 1986 election, however, and the multitude of political troubles flowing from it, a very different mood has begun to take hold on the Right. As the election campaign of 1988 progresses and the post-Reagan era looms, signs of conservative discontent and disarray multiply. One even hears murmurings that perhaps the Right would be better off if it surrendered the reins of government for a while. It is a curious, almost paradoxical notion: that a movement that only yesterday aspired to national leadership might feel more comfortable out of power than in it.

At this unsettling juncture, comes a provocative reappraisal of the contemporary American Right by historians Paul Gottfried, senior editor of *The World and I,* and Thomas Fleming, editor of *Chronicles of Culture.* Completed shortly after the 1986 mid-term elections, *The Conservative Movement* displays many premonitory signs of the malaise that increasingly permeates conservative ranks.

At one level this book is a concise and lucid historical survey of American conservatism since 1945—a welcome contribution to Twayne Publishers' series on "social movements past and present." Ranging widely over the intellectual/political landscape, the authors deftly sort out and analyze the numerous streams of conservative self-consciousness, including the neoconservative and New Right phenomena that emerged in the 1970s and that today supply so much of the movement's vitality. Especially astute is the authors' account of the interaction of religion and politics among Rightist intellectual leaders—from the disproportionately Catholic "Old Right" to the disproportionately Jewish neoconservatives to the populist New Right dominated by evangelical Protestants.

Fragile and Tenuous Coalition

The Gottfried/Fleming volume is more than a timely and well-wrought historical survey, however. It is also an unmistakable lament—and critique of postwar conservatism from within. One of the notable features of this book is its authors' explicit lack of confidence in the future prospects of their movement. In the last chapter they speculate openly that the conservative coalition will soon fragment—that the New Right and the neoconservatives may defect—and that American conservatism may not "survive in its present state into the 1990s." The Republican Party itself, they suggest, may not "continue to accommodate conservatives." In the end, the most that they can bring themselves to conclude is that conservatism since World War II has had "some impact" on "the American experience" and that more Americans than ever before are willing to call themselves conservative. This is not exactly a bugle note of triumph.

Indeed, pervading *The Conservative Movement* is a sense that contemporary conservatism is a fragile and tenuous coalition bedeviled, if not riven, by intellectual stresses and antagonisms. One of the principal strengths of this book is its careful identification of these lines of force and fissure. But more worrisome, one suspects, to the authors than this inevitable source of tension (*all* coalitions—Left or Right—have their fault lines) is Gottfried and Fleming's conviction that American conservatism has changed profoundly since the 1950s—and, in their view at least, for the worse.

Neo-Usurpers

Repeatedly the authors call attention to what they consider to be a profound doctrinal transmogrification. Where conservatives of the early postwar period resisted Communist and Third World barbarism in the name of Western civilization, today many conservatives adhere instead to an abstract, neo-Wilsonian ideology of global democratic capitalism. Where conservative intellectuals only 30 years ago routinely expressed skepticism about "progress," today a "distinctive feature of the contemporary American Right" (in the authors' words) is its "emphasis on progress" and its unabashed commitment to "a future of unlimited material opportunity and social improvement." According to the authors, a movement once dominated by a Europe-oriented, intellectual "Old Right" has compromised and attenuated its principles, until today vast sectors of the "conservative" community fundamentally accept the welfare state and have yielded ground to such threats as femi-

GEORGE H. NASH, *author of* The Conservative Intellectual Movement Since 1945, *is currently working on the third volume of his biography of Herbert Hoover.*

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nism. They sadly note the mounting "irrelevance of prewar, especially non-American, traditionalist thinking for the postwar Right."

Why this declension? For one thing, Gottfried and Fleming assert, too many conservatives of the "second generation" abandoned rigorous scholarly pursuits for the corrupting, compromising world of political activism. The result was a vulgarizing of conservative principle, a debilitating quest for political respectability, and the shriveling of an already fragile foothold in academe. Even worse, in the authors' view, was another trend: In the 1980s the intellectual leadership of the conservative cause, and much of its financial base, was captured by neoconservatives—erstwhile liberal Democrats who despite their rightward migration remain essentially secular, Wilsonian, and welfare statist in their premises. In other words, not truly conservative at all. Self-styled guardians of the political center against fundamental challenge from Left *or* Right, the neoconservatives, argue Gottfried and Fleming, are really "defenders of the established order" who have "weakened and defunded" more genuinely conservative alternatives to the status quo. It was the neoconservatives, they declare, who made "democratic capitalism and global democracy" the prevailing "conservative" ideology of our time.

A society can be well-armed, outwardly free and prosperous, yet rotting spiritually at its core.

What we have in this volume, then, is not simply a succinct and stimulating history of postwar conservatism but an uncompromising, scholarly jeremiad from the perspective of the traditionalist "Old Right."

Reagan's American Idiom

Needless to say, the Gottfried/Fleming volume will be strenuously debated. Has the conservative movement, for instance, been as debased by political activism as the authors of this book evidently believe? No one will disagree with the observation that the pursuit of power can corrupt. And yet it is, after all, a *political* movement about which the authors have written, and political movements require men of action as well as men of thought. The shift from theory to practice that began to occur in the 60s may well have had some unfortunate consequences. But if conservatism was to fulfill its self-defined destiny this transition was both necessary and desirable.

Similar questions will also be raised about the authors' critique of the neoconservatives. Is "democratic capitalism" a baneful and unconservative confection, foisted on a movement that should have known better, or is it perhaps closer to the dominant American idiom and *weltanschauung* than the southern Agrarianism and classical European conservatism with which Fleming and Gottfried are identified? Is it coincidental that President Ronald Reagan—postwar conservatism's most popular political embodiment—speaks a language not of skepticism, limits, and hierarchy, but of optimism, social fluidity, and unlimited opportunity for everyone? Whatever its limitations, his is an indigenous language, the language of American exceptionalism—and more than that: the language of one who believes, as do most of his fellow citizens, that America *need not be* exceptional, that in America's history and example lie lessons for all mankind. It might well be argued that conservatism achieved its greatest triumphs precisely when it adopted the values and vocabulary of the historic American political faith.

On one critical point, however, Gottfried and Fleming are surely correct. Free enterprise economics and "equal opportunity" do not comprise the whole of the conservative canon, and neither they nor "democratic capitalism" will alone serve us. In the words of Oliver Goldsmith:

> Ill fares the land
> To hastening ills a prey
> Where wealth accumulates
> And men decay

A society can be well-armed, outwardly free and prosperous, yet rotting spiritually at its core.

It is precisely this perception, one suspects, that animates the authors of this volume and contributes to their notable unease. Near the end of the book they remark that "only as a social movement" can conservatism exert "a real impact on everyday life." Yet, at the moment, the issues that might generate a mass-based movement are primarily moral and religious in character—hence likely to strain and perhaps fractionate the embattled conservative coalition. It is a potentially perilous dilemma, and Gottfried and Fleming see no ready solution in prospect.

How far, indeed, then—on the evidence of this book—is the conservative movement from perfecting its Grand Alliance. One is reminded of Napoleon's reply when asked against whom he would prefer to wage war. His answer: "Allies." But if differences in doctrine, background, and objectives continue to vex the Right, the stakes are too high for it to indulge in intramural discord. Let us confront the issues that we must—honestly, rationally, and civilly. But in the process let us also remember some 200-year-old advice: We must all hang together, or most assuredly we will all hang separately.

The Gekko and the Fox

Wall Street, *directed by Oliver Stone.*

Reviewed by John V. N. Philip

> *It's all about bucks, Kid. The rest is just conversation.*
> *(Gordon Gekko, corporate raider, from* Wall Street)

In recent memory Hollywood has rarely been kind to Manhattan's world of high finance. It has preferred to

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portray capitalists as predators rather than as creators of wealth. Director Oliver Stone follows this trend in his latest hit film *Wall Street,* a simplistic and often melodramatic story of how greed corrupts.

But at the same time that the film reinforces the negative stereotype it allows the principal character, Gordon Gekko, to make a ringing defense of laissez-faire capitalism rarely seen in contemporary film. In addition, it depicts an honest and intuitively more favorable view of the shadowy force that stands behind all the actors and their ambitions: the stock market. Even while Stone's story chronicles human weaknesses and downfall, it pays tribute to the market's astoundingly efficient ability to aggregate and channel the wealth that powers the free enterprise system. Judging as well by his previous *Platoon,* the director is a filmmaker preoccupied with characters, not with a complex or sophisticated story. The young stockbroker Bud Fox, played by Charlie Sheen, meets the corporate raider Gordon Gekko, played by Michael Douglas. After Fox insinuates himself into Gekko's confidence with illegal insider information, the financial warlord in turn enmeshes the achingly ambitious novice into the legal, semi-legal, and illegal tactics of his plundering forays. As a reward Fox achieves the wealth of which he dreamed during his working class childhood in Queens.

But when Gekko tries to take over Blue Star, the airline where Fox's father works, his still callow lieutenant discovers the mogul's secret plans to liquidate the company. As Gekko has earlier predicted will happen "the falcon sees the falconer." Fox leads the labor unions in blocking the bid. But in this climactic duel the warrior Gekko has the choice of weapons: insider information and manipulation of the market. Fox outwits him in their use, but not before the Securities Exchange Commission notices and strikes at them both. *Wall Street* climaxes with nothing unexpected; at the height of the 1985 bull market in which the film is set, crime still doesn't pay.

Michael Douglas delivers a superbly crafted portrait of Gekko that the Academy Awards should recognize. His character is a man of exhilarating intensity and Mephistophelian charm. He apologizes to no one for his consuming self-centered passion for wealth. In its pursuit he is in constant motion, terrorizing rivals, and commanding aides with a mercurial combination of verbal expletives and the rough camaraderie of fighting men in the trenches. This representative of the *nouveau riche* despises social acceptance and admits to his fraternity only those like himself for whom wealth is its own reward. "I create nothing," he smirkingly confides to Fox, "I own."

Through a series of Faustian bargains Gekko lures Fox to shed any inhibitions about illegal financial acts. For the titan's war on corporate assets, information is the "vital commodity." Obedient computer screens and telephones provide much of it, even in his limousine. But as with any effective intelligence agency the key element is human. Fox comes to Gekko looking for a client. Gekko finds in the young man the perfect spy, willing to shadow a rival's movements and rifle corporate files disguised as a maintenance employee.

Yet for all the overweening self-confidence of his character, Douglas breathes subtle and deft emotional life into Gekko's growing affection for his disciple. He takes evident pleasure in teaching him the nuances of dress, speech, and manner becoming to a "player." "Lunch is for wimps," declaims Gekko. But when they are in restaurants he makes sure Fox orders appropriately: steak tartare. In their final confrontation, as his former subordinate faces indictment, their alliance in shreds, Gekko's rage is fiercest at what he considers the younger man's betrayal of their common amoral code. We have only seen Gekko's uncalculated emotion once before, also shared with Fox. "I've never seen a painting that captures the beauty of the ocean at a moment like this," he says concluding an early morning strategy call with his lieutenant. Standing on the beach in his bathrobe, the magnate is nothing so much as a lonely samurai confronting a breaking predawn sea.

Markets vs. Bureaucrats

Gekko's chilling cynicism undercuts his assertion that a philosophy justifies his calling as a corporate raider. But his eloquent exposition of its Darwinian message lingers even after its spokesman is discredited. In a dramatic stockholders meeting he attacks the 35 vice presidents of a money-losing company, "all making over $200,000 . . . with their expense accounts and other perks." They represent, he claims, the bureaucracy from which he is seeking to "liberate" American companies. If to do so he must appeal to the greed of individual stockholders then, in words that purportedly echoed Ivan Boesky's, "Greed works . . . it clarifies the essence of the evolutionary spirit . . . and greed will save that other malfunctioning corporation, the USA."

The other major character in the story, the stock market, plays a dual role. Despite the human frailties of those who play in its arena, the movie depicts the mechanism as a powerful source for good as well as evil. All the characters make frequent reference to the jobs lost when companies are liquidated. But it is through the manipulation of stock that Fox, leading the labor unions of Blue Star Airline, is able to save the company from Gekko's grasp. To do so, the unions have also agreed to a 20 percent pay cut and longer hours. The market has dictated the move. This must be the first major Hollywood movie that recognizes that labor leaders who deal this realistically with market forces are not necessarily management's scabs.

In addition, *Wall Street* depicts clearly the many very honest aspects of the market's workings. On the floor of the Exchange we witness the time-honored practice of open and audible bids, as permanent a part of financial district traditions as deal-making behind closed doors. In the trading rooms of firms we see hundreds of brokers representing the smaller investors whose support even the Gekkos need for many of their strategies to succeed. Finally, in Stone's movie, even a stock market where the raiders operate illegally proves sufficiently well regulated. The SEC catches Fox at his intrigues. Punishment is harsh. As actually occurred in several recent cases, the police lead Fox from his office in handcuffs.

If Stone's story is unrealistic concerning the stock exchange it may only be in the degree to which it overempha-

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JOHN V. N. PHILIP *has been a producer and actor in New York City. He currently attends Columbia Law School.*

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sizes the ultimate impact of stock manipulators like Gekko. The October 19 crash occurred shortly after *Wall Street* opened. In an ironic coda, the Brady report that followed concluded that it was the machinations of institutions, and not individuals, that caused the collapse.

Of the many other characters in the film, Charlie Sheen as Bud Fox is at his best in capturing the young stockbroker's thirsting ambition and almost mischievous pleasure in indulging it. But he is unable at critical junctures to evade the script's melodrama, which weakens the story overall. Halfway through the movie, he gazes out into the Manhattan night from the balcony of his luxurious new apartment and asks, "Who am I?" Yet we see no reason at that point why a man who has shown little reticence in sacrificing many scruples should put the question quite so succinctly.

Sushi Capitalism

Daryl Hannah, as Darien Taylor, first Gekko's and then Fox's mistress, is disappointingly wooden, especially considering she has most of the movie's scarce humorous lines. As an interior designer she redecorates Fox's apartment in a pastiche of post-modernist, vaguely Roman chic, ostensibly a metaphor for the characters' moral decadence. In between she introduces him to sushi and other nouvelle cuisine 'upscale' habits. Real men in this film certainly don't eat quiche. They feed exclusively on raw meat and raw fish. She defines her life goals as including "world peace" and "mass producing a line of inexpensive antiques." Unfortunately it's not clear that the actress ever understood the joke.

Among the supporting cast Hannah is completely eclipsed by Sean Young's poignant cameo of Kate Gekko, Gordon's wife. With little more to say in the film than "Can I get you a drink?" she is nevertheless heartrendingly moving as the ignored wife; a pathetic little moon in decaying orbit around her husband's immense gravitational pull. Also noteworthy is James Spader, who plays the young lawyer Roger Barnes. He sketches in a few quick but effective lines the banality of evil's beginnings. His is not the Fox or Gekko obsession with great wealth, just the lazier man's attraction to riches without work. He sacrifices his career for a few stock tips. Finally, Hal Holbrook distinguishes himself as the moral counterpoise to Gekko. Playing the experienced trader Lou Mannheim he distrusts Fox's rapid rise. "Stick to the basics," he warns the young man, admonishing him to research his stocks and follow those developing new products, "Good things sometimes take time." Otherwise, he assures him, "Money makes you do things you don't want to do."

Stone and his director of photography, Robert Richardson, use a particularly vivid metaphor in their depiction of the Manhattan financial world—the movie's characters generally rise before dawn and work late into the night. The predominate light for most of the action is office fluorescent. But almost every New York exterior, every view through an office window, shows either a day barely beginning or long since ended. It's an effective backdrop to the moral struggle of the story and an original counterbalance to the more traditional New York(s) known to moviegoers, with their cinematic mix of glitter, glamour, decay, and vitality. Stone's Manhattan is a misty Olympus, slightly sinister, where the financial gods struggle.

By the end of the film Fox's career has been shattered. Gekko's is marred by SEC investigations. But it remains for Fox's father, Carl, played in the movie by Sheen's real father, Martin Sheen, to deliver final thematic summation. As he drives his son to his arraignment Carl muses it may all be for the best because Bud will now be able to make something out of his life, to "create" rather than merely to manipulate. On its face, Stone's film has ultimately delivered this profoundly orthodox homily. But Gekko's phrases linger. After Douglas' virtuoso performance it is hard to ignore the corporate raider's claim that he is also creating wealth. Or perhaps it is really the free market that has the last word: There's room for both.

Swiss Family Buthelezi

After Apartheid: The Solution for South Africa, *by Frances Kendall and Leon Louw (San Francisco: ICS Press, $17.95).*

Reviewed by Michael Johns

South Africa is a rich and beautiful land where many people hate each other. The hostilities are not simply between black and white, or Zulu and Xhosa, or Hindu and Moslem, or Afrikaner and Anglophone. Sometimes the bloodiest conflicts are between rival political organizations within the same ethnic group, especially between radical blacks in the townships associated with the African National Congress (ANC) and the leaders of tribal homelands with strong rural power bases.

These extensive mutual antagonisms have complicated the search for a political system to replace apartheid. The "one man, one vote" unitary state proposed by the ANC and its front organization, the United Democratic Front (UDF), would be unacceptable to Afrikaners and other whites who fear being governed by a black majority, to smaller black ethnic groups who fear oppression of tribal minorities so typical in much of the rest of Africa, and to homeland leaders who fear they would lose their local political authority. The most pressing political challenge for the nation, then, is to find a way of broadening democratic participation while at the same time preventing any one racial, ethnic, or political group from dominating the others.

For a number of years, many South Africans have argued that strong local government—federalism—is the only democratic system that realistically could replace apartheid. With power decentralized, each group would have the opportunity to govern itself in the areas where it composes a majority. The struggle for national power would become less important if each group knew it would be protected in its own area; national conflict would therefore be diffused.

MICHAEL JOHNS *is assistant editor of* Policy Review. *He recently returned from South Africa.*

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Drawing by Alexander Hunter for *Policy Review*

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In search of this federalist solution, why not look at Switzerland? Here might lie the way out for the nation, argue South African husband-and-wife authors Leon Louw and Frances Kendall in *After Apartheid: The Solution for South Africa,* a best-seller in South Africa that has recently been released in the United States. They point out that Switzerland, like South Africa, also has a heterogeneous population comprised of heated ethnic and religious rivalries. However, by decentralizing power into local cantons, the nation has survived peacefully through the years, even in times of intense religious and ethnic tension. Furthermore, the Swiss canton system—along with a challenging topography—has proven successful at warding off foreign aggressors, from Napoleon to Hitler.

By reducing the central government and ensuring freedom of mobility, it is hoped that feuding will subside since the new system will be able to accommodate a wide range of political leaders and viewpoints.

In *After Apartheid,* Kendall and Louw argue that South Africa should abolish apartheid; limit the central government's responsibilities to overseeing the nation's defense, foreign relations, and finance matters; lift the barriers to black entrepreneurship; and transfer the remaining government responsibilities to 306 local canton governments, based on the existing magisterial districts in South Africa, which already have existing judicial and administrative infrastructures. By reducing the central government in such a way and ensuring freedom of mobility, it is hoped that feuding will subside since the new system will be able to accommodate a wide range of political leaders and viewpoints. And by guaranteeing the economic, social, and political rights of all South Africans, the threat of revolution is likely to be greatly diminished.

At the moment, the federalist idea is opposed by the two most important political factions in South Africa—the ruling National Party and the ANC/UDF. It is also strongly resisted by the opposition Conservative Party, which is gaining increasing strength among Afrikaners. Furthermore, the South African political party most associated with the federalist idea, the Progressive Federal Party, was the biggest loser in last May's election after a crisis in the party's leadership.

Nor is the idea of a decentralized/federalist South Africa likely to go over particularly well with the highly centralized Botha government or with the Afrikaners who depend heavily on civil service employment for their income. "They feel they will lose their jobs," Raymond Ackerman, an influential Cape Town-based businessman, told *Policy Review.*

Most Cantons Under Black Control

In Leon Louw's South Africa, blacks would control the overwhelming majority of the 306 cantons. With free mobility and a rising black population, blacks might gradually take over other cantons that now have white, Coloured, or Indian majorities. Through constitutional guarantees for minority rights, Kendall and Louw hope to reduce the fears of whites who would live in black cantons. They also would permit voluntary racial and ethnic segregation in the private sector, meaning that white separatists who wish to keep blacks out would be allowed to do so. But the authors point out that these cantons and businesses are likely to soon need black labor and purchasing power to remain economically solvent.

Leon Louw insists that the ideas of *After Apartheid* are being well received in Pretoria as realistic starting points for change. He claims to have at least mild support from both Foreign Minister Pik Botha and Minister of National Education F.W. Klerk. "It is a positive contribution to the debate," says Uys Viljoen, a counselor at the South African embassy in Washington. "They (the government) view it benignly, perhaps condescendingly, but benignly. This is a bit of an amateur entering the market, but he is welcome."

And the members of the governing National Party are not the only ones who consider at least somewhat favorably the ideas of Louw and Kendall. The book has garnered praise from a who's who in South African politics: Winnie Mandela, KwaZulu Chief Minister Mangosuthu Buthelezi, anti-apartheid novelist Alan Paton, and rightist leader Hendrick Verwoerd, Jr., son of the prime minister who institutionalized apartheid. Each of these government critics—from the Right and Left—sees some advantage for his or her political constituencies in diffusing the power of the highly centralized government.

It is unclear how the book's advocacy of free mobility among cantons will be received by Afrikaner conservatives. Conservative Party member Koos van der Merwe, a prominent Member of Parliament who represents suburban Johannesburg, has not read *After Apartheid,* but his reaction to power-sharing and free mobility are an indication of just how controversial the Kendall and Louw ideas are likely to be. "Should the blacks take over," van der Merwe remarks, "it is over for us . . . We would rather make war than live under black rule. We will wage war to save the white race."

An unanswered question in the book is who will control the nation's mineral wealth? The authors respond that deregulation will bring economic prosperity to all cantons and that "the wealth of one district does not impoverish another." But who can think that, with these mineral-rich regions located almost exclusively in the northeast Cape, the southern and western Transvaal, parts of Bophuthatswana, and the northwest Free State, there is not going to be a bitter—perhaps violent—battle for control of these regions?

Some government spokesmen are denying the relevance of the Switzerland example to South Africa. "We cannot think in terms of existing federalist models," says Roelf Meyer, the Deputy Minister for Law and Order in Pretoria. "The Swiss model is not going to work; it is very complex. It has only worked there because there was equal develop-

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ment," he adds. Eli Bitzer, First Secretary of the South African embassy in Washington, agrees: "The whole set up in South Africa is completely different than that of Switzerland. You have in Switzerland a very well matured and sophisticated democracy that has developed over centuries; we are still involved in the growth pains."

Kid Gloves Toward ANC

In *After Apartheid,* Kendall and Louw have really offered three books in one. It is part historical account, part economic theory, and part political treatise. Grouped together, though, these three parts present a remarkable vision for the future of South Africa, which is intended to appeal to non-Communists within the ANC and UDF. However, it is not without its problems, most of which lie within its political vision.

The most evident of these problems is Kendall and Louw's kid gloves treatment of the ANC. It has long been the aim of the South African Communist Party, which exerts significant influence on the ANC, to take control in a unitary state, destroy the power bases of the country's independent black leadership, and assume totalitarian control. And in pursuit of this objective they have accepted and actively sought the support of the Soviet Union. Occasionally, the ANC might try to cover these facts with cosmetic remarks and there may even be differing viewpoints toward Marxism-Leninism within the organization, but it remains clear that the ANC leadership is, in fact, wedded to terrorism and violence, and very much aligned with Soviet ambitions in southern Africa.

Kendall and Louw, however, fail to acknowledge that Leninist inclination in most of *After Apartheid.* For instance, should a totalitarian system arise in one or more of the cantons, directly violating the democratic code of the Constitution, the authors would afford the citizens the "constitutional right to call a referendum on an unpopular measure, to oust the canton government, or to amend its constitution. . . ." But nowhere does *After Apartheid* mention the rather dismal historical track record these efforts have had in restoring democracy to Communist countries. So, clearly, the canton system needs some protection in its Constitution, perhaps a provision—much like Section 356 of the Indian Constitution, invoked by Rajiv Gandhi to control Sikh violence in the Punjab—that would permit the central authority to intervene as a last resort when totalitarians assume power in violation of the law. And why didn't the authors address the threat of totalitarian advance? "We wanted blacks to accept it," Louw told *Policy Review.* But if blacks, as Kendall and Louw also argue, are natural free-market democrats, it is not clear why they would not be equally as distraught as whites with a totalitarian takeover and as supportive of harsh action.

While Kendall and Louw self-admittedly are not experts on tactical Leninism, their outlook on ANC strategy still exhibits a certain naivete. "There is no evidence," they write, to think that the majority of cantons "would be dominated by the same political party and that this party would want to dominate the entire country." However, if there has been one common characteristic to ANC rhetoric and actions since its 1969 Morogoro conference, it has been that total uncompromising power in South Africa is their *only* objective, and they have seldom spared any level of violence to achieve this end. Nor do Kendall and Louw mention the ANC's foreign alliances with the Soviet Union and other totalitarian countries and Communist organizations.

Clearly, this must be taken into account when suggesting that the ANC is likely to endorse federalist principles and then play by the rules. If the motivations of the ANC are total domination over all of South Africa, there is little reason to believe that the organization's leadership is going to be content with controlling a few cantons through the democratic process. In fact, they are likely to use the decentralized system to their advantage.

The book has garnered praise from Winnie Mandela, KwaZulu Chief Minister Mangosuthu Buthelezi, anti-apartheid novelist Alan Paton, and rightist leader Hendrick Verwoerd, Jr., son of the prime minister who institutionalized apartheid.

However, since the ANC cannot thrive without Soviet and other external assistance, why not insert a meaningful constitutional provision that would outlaw foreign intervention in South African affairs? "The book does not take into consideration the possible exploitation of the system by totalitarian groupings," says Warwick Davies-Webb of the International Freedom Foundation's Johannesburg office, a group committed to individual liberty and free-market values. The totalitarian threat, Webb thinks, would probably be greatest during the transitional phase. "By bringing in the SACP, ANC, and PAC (Pan-Africanist Congress) into the transitional phase, Leon [Louw] fails to take into account their nature and their short term expedient tactic of accepting co-option into the system in order to further their own political agenda," he says.

Black Entrepreneurship

Yet, despite its problems, *After Apartheid* offers some much needed wisdom to the South Africa debate. The book contains a brilliant analysis of how apartheid has thrown the South African economy into near shambles. While mineral wealth has kept the country alive, regulations on who can buy and sell goods, who can own property, and who can be employed have generally crippled economic growth. Before "grand apartheid" was enacted by the National Party in 1950, apartheid laws were intended to protect white farmers and workers from black

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competition. And this is a shame, Kendall and Louw argue, because the South African black tradition—back to the 1800s when the Mfengus and Ngunis were successful herdsmen and farmers—falls solidly in the entrepreneurial tradition. "There is an extraordinary implicit racism in all of this," remarks Louw, "from the Left and the Right, but especially from the Left. The Left regard blacks as welfare cases, disabled people, for whom the only hope is a massive paternal welfare state." Viljoen, counselor to the South African embassy in Washington, agrees with Louw's theory that blacks are generally productive capitalists by nature: "If you go into the black townships today, places like Crossroads, not more than 20 percent of the working population is employed in the formal sector, whereas about 65 percent of those people are, in fact, economically active." Why not legitimize this informal sector? "The business lobby wouldn't want to be undercut," Viljoen concedes. "The established businesses, they are dead against it."

South Africa remains perhaps the most overregulated economy in the non-Communist world, and the dead hand of bureaucracy is most stifling for blacks.

Today South Africa is swamped with a whole array of white-sponsored statist laws that discourage individual initiative and disrupt free enterprise, including minimum standards regulations, extensive licensing laws, discretionary laws regulating the opening of new businesses, and large levels of government ownership over the means of production. South Africa remains perhaps the most overregulated economy in the non-Communist world, and the dead hand of bureaucracy is most stifling for blacks.

One of the first steps in dismantling this socialism is wide-spread privatization of state-owned services, which, Louw believes, could raise incredible levels of government funds. Currently, the government accounts for almost half of the new capital formation and one-third of all economic activity. The amount of money raised through privatization, the authors argue, should be used to create a compensation fund for blacks "to invest or to use for short-term needs." It seems the Botha government agrees. Recently, the government proposed a significant privatization effort directed at state-owned industries with the proceeds planned to go toward black education.

South African Best-Seller

The South African edition of *After Apartheid*, entitled *The Solution*, has sold 34,000 copies in English and 5,000 in Afrikaans since its March 1986 release, outselling any other political book in South African history.

And these readers, ironically, are not the typical South Africans drawn to serious political and economic works. "I think the major effect of this book is that it has set the normal South African, who is not politically active and has not given much thought to the causes of the unrest over the past few years, thinking about the constitutional future of the country," says Viljoen: "Rotary and Lions clubs have meetings about this and discuss it; all these community organizations are very into it."

To market the book's ideas, the authors have set up a privately funded political action group, Groundswell, to spread the ideas of capitalism and federalism on the grass-roots level through lectures, seminars, television, and newspaper advertising. The morning I met Louw in Johannesburg, he had been up the entire night preparing an article on federalism for *City Press*, South Africa's largest circulation black paper. Through another group, With Justice for All, Kendall and Louw are taking the free-market message to the rank and file of South Africa's trade unions, attempting to counter the radical influence on laborers. They are currently seeking support for a $30 million campaign to market and begin implementing the ideas of *After Apartheid*. "One of the great errors of the conservatives," says Louw, "is the assumption that you can determine the course of history by working from the top. Conservatives have never been into street committees, cells, people's movements, popularizing values and ideas, popularizing our vision. . . . If you want democracy to survive, you have to popularize it." Louw feels this conservative failure is not unique to South Africa. American conservatives, he claims, are plagued by the same anti-populist disease, abandoning "Your history [where] it was done so well; you had all the pamphlets, the Federalist Papers, Thomas Paine, Thomas Jefferson, it was a people's thing."

This type of grass-roots activity among free-market democrats in South Africa is essential because such activity has hitherto been dominated almost exclusively by radicals who often use intimidation tactics to win "converts." "Take the Soweto black," Louw points out, "chances are he has been bombarded with radical left propaganda; he goes to trade union meetings, gets pamphlets, mixes with left-wing students, goes to the nightclubs at night. Do you think he has ever met a conservative? Do you think he has ever heard the free-market argument from anyone? Do you think he has ever heard Western democratic values put to him?"

Summaries of *After Apartheid* now appear in almost every major South African language: English, Afrikaans, Zulu, Xhosa, Tswana, and Sotho. A sequel, *Implementing the Solution*, is due out in South Africa this year. It will address the Kendall and Louw ideas at a more scholarly level and is geared more toward their actual implementation.

Clearly, *After Apartheid* will not be the final word on South Africa's complex political puzzle, but the positive reaction it has generated is a clear indication that there is some hope for a prosperous, democratic nation. "More than any of all the public statements made by all the government leaders over the last year or two," says Uys Viljoen, "that book has convinced Afrikaners that it is possible to draw black people into the political process without committing political suicide."

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How Robber Barons Enriched America

Entrepreneurs vs. the State: A New Look at the Rise of Big Business in America, 1840-1920, *by Burton W. Folsom, Jr. (Reston, Virginia: Young America's Foundation, $16.95).*

Reviewed by William H. Peterson

New Jersey Must Be Free.

So read the flag hoisted by Commodore Cornelius Vanderbilt on his steamboat, owned by Thomas Gibbons, ferrying passengers at cut rates from Elizabeth, New Jersey, to New York City in violation of a New York law granting Robert Fulton of *Clermont* steam vessel fame a 30-year monopoly on steamboat traffic in state waters.

Gibbons sued the monopoly, and in 1824, in the landmark case of *Gibbons v. Ogden*, the Supreme Court struck down the Fulton monopoly. Chief Justice John Marshall declared that only the federal government, not the states, could regulate interstate commerce.

Vanderbilt was on his way to fame and fortune, helping to build the American economy. On the New York City-Philadelphia steamboat run, he cut the fare from $3 to $1, on the New York City-Albany run from $3 to 10 cents, while his competitors howled in pain.

The Vanderbilt chapter is one of five on entrepreneurial giants—Cornelius Vanderbilt, James J. Hill, Charles Schwab, John D. Rockefeller, and the Scranton family—in this valuable revisionist study of the premises of American history textbooks, particularly the thesis that federal regulation saved America from the depredations of profit-hungry "robber barons."

To be sure, some entrepreneurs were scalawags: James Fisk, Daniel Drew, and Jay Gould, to name just three. But Folsom, a historian at Kentucky's Murray State University, shows they were exceptions. In scouring today's leading high school and college history textbooks such as *The American Pageant* by Thomas Bailey of Stanford and *The American Nation* by John Garraty of Columbia, Professor Folsom finds a profound ignorance of the workings of the competitive profit-and-loss system. He also finds a general disposition to throw the entrepreneurial baby out with the bathwater. The entrepreneur may serve a purpose—so goes the thesis—but he needs federal authorities, the Interstate Commerce Commission and the Justice Department Antitrust Division, for example, to hold him in line and protect the American consumer. In the words of Professor Bailey: "Private greed must henceforth be subordinated to public need."

Is that so? And is a regulated entrepreneur as creative as an unregulated entrepreneur?

Railpolitik

Take the story of "robber-baron" entrepreneur James J. Hill, builder of the Great Northern, the only major railroad never to get federal aid, seek protection, or go bankrupt. Professor Folsom recounts Hill's supply-side approach. Hill advertised in East Coast cities for immigrants to go west for just $10 and farm along his line. When they got there, Hill would tell them: "You are now our children. But we are in the same boat with you, and we have got to prosper with you or we have got to be poor with you."

To make sure his farmers—read shippers—prospered, Hill established his own experimental farms to test new seed, livestock, and farm equipment. He encouraged crop rotation, mixed farming, the use of fertilizers. He sponsored contests and gave prizes to those who grew more abundant wheat or meatier livestock. He imported and donated 7,000 high-yield cattle to his settlers.

But farmers soon learned the political game. Aided and abetted by farm organizations and politicians, they built the farm bloc into a formidable political power. Enemy No. 1 of American farmers soon became the "robber-baron" railroads and their supposedly exorbitant haulage rates on farm commodities. Solution? Simple. "Fair" rail rates could stem only from a "constructive" federal rate-setting bureau, or so farmers claimed.

The call for regulation was echoed by some railroaders themselves, executives like Charles Francis Adams, Jr., of the Union Pacific and Chauncey Depew of the New York Central (founded by Commodore Vanderbilt!). These railroad tycoons complained not of high rates but of low "cutthroat" rates, of "internecine" competition, of "dog-eat-dog" commerce, of "predatory" pricing. So they, too, saw the need for a "constructive" federal rate-setting bureau.

Thus did the anti-rail and rail interests somehow come to terms, with President Grover Cleveland signing the Interstate Commerce Act into law in 1887. Thus was born the rate-setting Interstate Commerce Commission, granddaddy of the regulatory agencies.

In 1907, entrepreneur Hill protested, vainly, the proposed Hepburn Act power of the ICC making it illegal for railroads to charge different rates to different shippers. He had given, for example, special rates on American cotton, wheat, and rails to the Japanese and Chinese to encourage U.S. exports. As Hill testified before a congressional committee:

> Rates vary with conditions. They vary from day to day almost. I was struck by some of the questions [addressed to the previous witness] as to the difficulty in fixing what is a reasonable rate by law. You are dealing with the questions that exist today. Can you apply the conditions that exist today to tomorrow or next week or next month? It is absolutely impossible.

Light Unto the Nations

The Folsom account of "robber-baron" John D. Rockefeller reveals similar entrepreneurial drive and thinking. In 1885 Rockefeller wrote to one of his partners: "Let the good work go on. We must ever remember we are refining oil for the poor man and he must have it cheap and good." To another partner: "Hope that we can continue to hold

WILLIAM H. PETERSON *is a consulting economist in Washington, D.C.*

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out as the best illuminator in the world at the lowest price."

Low prices somehow became predatory prices in the minds of muckrakers such as Henry Lloyd Demarest, who wrote *Wealth Against Commonwealth* in 1894, and Ida Tarbell, who wrote a series of articles attacking Rockefeller in *McClure's* magazine and whose father was a Pennsylvania oil producer. The predatory price syndrome, along with greed, exploitation, and monopolization, is part and parcel of today's robber-baron textbook thesis.

To be sure, low prices do eliminate high-cost suppliers. Whale-oil producers, for example, whose prices flirted with $3 a gallon before Colonel Drake struck oil in 1859 in western Pennsylvania, were soon out of business (environmentalists, please note). Rockefeller progressively knocked down, through his Standard Oil Company, the price of kerosene from 58 cents a gallon to eight cents a gallon, thereby bringing cheap illumination to the masses if wiping out inefficient producers along the way.

Yet for all his efficiency, Rockefeller couldn't stop the rise of a hundred other powerful integrated oil producers, including giants like Gulf, Sun, Texaco, and Pure. Even so, the Supreme Court broke up Standard Oil under the Sherman Act in 1911 on grounds of monopoly, collusion, and restraint of trade.

Before his death in 1937, Rockefeller had given away $550 million, more money than any other American before him had possessed. Many historians and others construe the Rockefeller gifts, including $35 million to the University of Chicago, as atonement for his economic sins. Folsom disagrees, contending that while Rockefeller piled up personal riches, he had greatly enriched America.

Burton W. Folsom, Jr., also contends—wisely, I think—historians should be more discerning so as to distinguish among entrepreneurs, to dichotomize them broadly into *political entrepreneurs* and *market entrepreneurs*. The political entrepreneur is a vote-buyer or aid-seeker. The market entrepreneur is an initiator and innovator, a low-cost producer or superior-quality setter. The textbook paradigm implies the latter as a rule but then muddies the picture along the following lines, in words paraphrased by Folsom:

> Entrepreneurs cut costs and made many contributions to American economic growth, but they also marred political life by bribing politicians, forming pools, and misusing government funds. Therefore, we needed the federal government to come in and regulate business.

This textbook paradigm fails to notice that government regulation of business frequently amounts to price-fixing, that it tends to restrain market entrepreneurship and economic growth, that it works to politicize and otherwise hamper the American economy. Folsom concludes:

> If we seriously study entrepreneurs, the state, and the rise of big business in the U.S., we will have to sacrifice the textbook morality play of 'greedy businessmen' fleecing the public until at last they are stopped by the actions of the state. But, in return, we will have a better understanding of the past and a sounder basis for building our future.

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LETTERS

Bob Dole, J. Peter Grace, William S. Lind, Roy A. Rosenberg, Richard C. Hertz, Tim Crater, Bernard Schecter, Nancy R. Pearcey, Roberta Snow, Susan Alexander, Phyllis Schlafly, John McClaughry, Rita Ricardo-Campbell, Anthony Harrigan, Samuel T. Francis, Antony T. Sullivan

Bob Dole's Favorite President

Policy Review *asked each of what were then the 12 presidential candidates to write a paragraph or two on his favorite and least favorite president. Responses from George Bush, Pete du Pont, Dick Gephardt, and Pat Robertson were published in the Winter 1988 issue. Here is Bob Dole's answer.*

While there are many presidents I admire—starting with George Washington, who made the job of U.S. president possible, all the way to Ronald Reagan—my favorite has to be Dwight David Eisenhower.

Although he was born in Texas, like me, President Eisenhower grew up in a small Kansas town. In describing Abilene, Eisenhower said: "... It provided both a healthy outdoor existence and a need to work. The same conditions were responsible for... a society which, more nearly than any other I have encountered, eliminated prejudices based on wealth, race, or creed... any youngster who has the opportunity to spend his early youth in an enlightened rural area has been favored by fortune."

The lessons learned in small towns like Abilene and Russell, Kansas—about traditional values, taking care of your neighbors, tackling problems head-on with responsible, common-sense solutions—served Eisenhower well throughout his life, on the battlefield and in the Oval Office.

I also have great admiration for another fellow Midwesterner—Harry Truman, who was willing to make tough choices and take them to the American people.

Armey's Battle

Dear Sir:

Representative Dick Armey's "Base Maneuvers" (Winter 1988) was right on target. Representative Armey is a leader in the fight against government waste and a member of the congressional Grace Caucus. His article not only describes the incredible lengths to which congressmen and senators will go to protect their military turf, but also demonstrates that their fears of adverse effects on local communities are unfounded.

We who worked on the president's Private Sector Survey on Cost Control, better known as the Grace Commission, could not have said it any better ourselves.

J. Peter Grace
New York, NY

Clancy's Fiction

Dear Sir:

In "America's Favorite Whipping Boys," (Winter 1988) Tom Clancy once again shows that he is a master of fiction. In labeling the military reform movement "leftist," he purveys an outright falsehood. Conservative supporters of military reform include Congressman Newt Gingrich, Senator Charles Grassley, former Senator Robert Taft, Jr., and conservative activist Paul Weyrich. The Congressional Military Reform Caucus is made up of Republicans and Democrats in almost equal numbers. The goal of military reform—forces that can win in combat—is fully consistent with general conservative views on defense.

Mr. Clancy also distorts both American and Soviet military capabilities. For example, he goes on at length about how the Soviet cruiser *Kirov* is merely another target for submarines. That is true. However, the fact that makes it true—the superiority of the submarine over antisubmarine forces—does not apply only to ships flying the Soviet naval ensign. It is equally true for our surface warships, including our big aircraft carriers—which Mr. Clancy vigorously defends. Our Navy's continued faith in the big carrier is in fact a major American military weakness, one compounded by the fact that the real price of the carriers is paid in submarine numbers. The Soviets now outnumber us by about 3:1 in submarines, a fact Mr. Clancy mysteriously does not stress.

Mr. Clancy is right that people are usually more important than weapons for winning in combat (a point military reformers stress, by the way). But when he asserts that our submariners are far more competent than the Soviets', he mirrors our submarine community's own overconfidence. We measure our submarine officers' ability technically—as nuclear engineers—more than tactically. But in combat, tactical ability is more important. Peacetime games of "tag" are not the same as real war, and we cannot know how well our submariners will stack up against theirs in tactics in actual combat.

Mr. Clancy's defense of our mili-

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tary performance in Beirut and in Grenada will flatter the Pentagon, but like most flattery, it is not justified by facts. In Beirut, either the Marine commander did not understand why he should not put his men in a single, vulnerable building, in which case he was incompetent, or he knew and refused to make an issue of it, in which case he was morally unfit to be an officer. In Grenada, while the Marines performed well, the "elite" 82nd Airborne took three days to advance five kilometers against Cuban militia, despite overwhelming numerical and firepower superiority. Had a serious enemy force been present, we would have been in trouble.

Another of Mr. Clancy's errors shows his shallow understanding of the Soviet military. He notes a number of Soviet weaknesses at the tactical level while failing to mention that the Soviet military is focused at the operational level—one level up from tactics. That is where they put their best people, and that is where they expect success to be decisive. By the last two years of World War II, the Soviets were very good at the operational art, at least in land warfare. We did not even recognize the operational level of war until 1982, and we have barely begun to train officers in it.

Overall, Mr. Clancy's article is entertaining but simply not serious. It is regrettable that some readers may take such fiction for fact.

William S. Lind
President, Military Reform Institute
Washington, DC

Tom Clancy replies:

The "military reform movement" to which I referred, with quotation marks added for the obvious contextual reason, is one that Mr. Lind represents. There is ample room in our military services for reform, but not the kind Mr. Lind advocates, which in this writer's opinion (as expressed in my piece) amounts to unilateral disarmament.

Mr. Lind's commentary on Beirut and Grenada proves my point more eloquently than I ever could. It takes more than the title "military reform leader," used for Mr. Lind on a television show, or the presidency of the "Military Reform Institute" to confer credentials on someone—that is, credentials sufficient to justify such vitriol as "morally unfit to be an officer." It is all too easy to criticize people from a safe distance, and Lind's language betrays his point of view.

My first two books, *The Hunt for Red October* and *Red Storm Rising*, are used as textbooks at war colleges and professional institutions all over the world. I have an odd prejudice that makes me believe that an "expert" is someone who actually does something. The people who really do the work and risk their lives for this country (and others) tell me that I get things pretty right. Given the choice between their opinion and Mr. Lind's, what would any reasonable man pick?

In labeling the military reform movement "leftist," Tom Clancy purveys an outright falsehood.

—William S. Lind

Klansmen and the Bible Belt

Dear Sir:

Rabbi Joshua Haberman's "The Bible Belt Is America's Safety Belt" (Fall 1987) includes an excellent selection of biblical materials that support democratic ideals. One cannot gainsay the truth that the Judeo-Christian tradition, rooted in the Bible, is the bedrock on which America is founded.

There are, however, different ways in which the biblical tradition has been interpreted. Rabbi Haberman neglects to mention that quite a few Klansmen have been involved, over the years, in murderous attacks on blacks, Jews, Catholics, and others. Many of these incidents took place in the "Bible Belt," and many of the perpetrators were convinced that they were doing God's will. In ancient days, some Israelites were convinced that it was "God's will" that they exterminate the Canaanites. Holocaust and persecution is possible in any society in which a majority is convinced that it alone is in possession of truth. The only protection against such occurrences is the conviction, thankfully part of the American way of life for two centuries, that each minority has rights that are every bit as sacred as those of the majority. This has been America's greatest strength and, with God's help, it will continue to sustain us as a people.

Rabbi Roy A. Rosenberg
The Temple of Universal Judaism
New York, NY

Dear Sir:

I loved every word of Joshua Haberman's paean of praise of the Bible. His recital of the place of the Bible in American history is without fault. From colonial times on, when the Pilgrim Fathers turned to their thumb-worn Bibles for solace and guidance, the inspiration of Scriptures has never failed to leave its mark on the development of American democracy.

Today, with anti-Semitism still rife even though less than under the Nazis, fundamentalist Christians in America are still waiting for the second coming not of Jesus the Jew but of Christ the Christian . . . waiting to convert the lost sheep of Israel . . . waiting to hail the Second Coming with the conversion of Jews to the New Covenant made not at Sinai but with Christ.

But which Bible is Rabbi Haberman talking about? Whose Bible? The Bible that Rabbi Haberman is talking about is the Hebrew Scriptures, popularly known as the Old Testament. What fundamentalist Christians call the Bible is the Old

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Testament *and* the New Testament.

I worry about the vehemence, the fanatical zeal of holier-than-thou TV evangelists who are worried about my soul and whether I can get to Heaven without Christ. On the other hand, I welcome the passionate support of fundamentalist Christians who support Israel, its security, welfare, and place in freedom's bastion of democracy. But is there a tradeoff? Is there a hidden agenda in the support of Israel by the fundamentalists? Some say "No! Their support of Israel is unconditional."

Yet many Jews are suspicious, even fearful. Two thousand years of being labeled as "Christ-killers" have not made it easy for Jews to welcome fundamentalist support of Israel without strings.

My own experience of the past 18 years of being a professor of Jewish Studies at a Jesuit university has led me to feel the sincerity and respect the scholarly Catholic community has for Judaism and for the Bible they call the Old Testament. My Catholic students and colleagues appreciate how the Old Testament sheds important light on the Jewish origins of their Christian faith. They do appreciate my conviction that Jesus the Jew loved the Bible. But the Bible he loved was the *Tanach*—the Hebrew Scriptures. He never wrote a word of the New Testament. Would that all followers of Jesus love the Jewish people as much as they love what Jews created—the Bible itself!

The U.S. Constitution is truly America's safety belt. The Holocaust did not happen here in America. It won't happen here either . . . as long as our nation is true to its Constitution based on the Ten Commandments of the Bible.

Rabbi Richard C. Hertz
Distinguished Professor of
Jewish Studies
University of Detroit
Detroit, MI

Dear Sir:

Rabbi Haberman's article was welcome testimony to America's heritage of religious belief and biblical values. He necessarily had to touch but lightly on the vast reservoir of religious expression by our Founding Fathers, but it was especially heartening to have such a reaffirmation come from a distinguished Jewish leader.

As an evangelical pastor for 16 years, I was encouraged by Rabbi Haberman's appreciation for the contribution conservative Christians make to the preservation of important societal values. His irenic tone was greatly appreciated and a fine model of respect for those with whom we differ.

Tim Crater
Washington, DC

Dear Sir:

Rabbi Haberman's article is a good sermon in favor of the Bible, and the principles the Bible stands for, but he did nothing to convince me, show me, or prove to me that the way the "Bible Belt" reads its Bible could add to the quality of life for the poor, the blacks, the liberals, the foreigner, or the Jew. Even the devil can quote Scripture.

Bible believers must put the message of the Bible into practice.

Rabbi Bernard Schecter
Pompton Lakes, NJ

Dear Sir:

I passed out Rabbi Haberman's article to several left-leaning friends who seem to hold to a policy of "Blame Christianity First": although themselves Christians, they think that Christianity has had primarily deleterious social effects, and that the rights and freedoms we enjoy in the West are products of the Enlightenment. Not so, as Haberman shows, our freedoms are in fact the result of a biblically based belief in a transcendent moral standard that acts as a barrier against excessive governmental power. The Bible gives a higher law that rules not only the people but the rulers. An absolute moral standard is the only sure defense against absolute power.

The notion of "inalienable" rights is meaningless unless grounded in divine creation—endowed not by government but (in the Founders' words) by the Creator.

—Nancy R. Pearcey

It seems ironic that this article appeared in the same issue as Paul Gottfried's on conflicts within the conservative movement. For what Haberman says is a fitting response to conservatives who build their case on a purely utilitarian basis—who reject universal truths and defend liberty, or the family, or limited government, simply on the grounds that "it works." No one yet has given his allegiance to something because it "works." When we stake our lives on a set of ideas, we do so because we believe them to have transcendent validity. If all conservatives have to offer our nation—or the world—is a superior methodology, they will always lose to rivals who offer a comprehensive ideology.

The conservative agenda must be grounded in a metaphysical vision that validates it and places it within an overarching framework of purpose, meaning, values. The Judeo-Christian tradition is the source of much of what conservatives wish to conserve, and continues to undergird it. Those who stress the contribution of the Enlightenment forget that is was itself largely a *secularization* of certain strands in the Christian worldview. The very notion of "inalienable" rights is meaningless unless grounded in divine creation—endowed not by government but (in the Founders' words) by the Creator.

Those who fail to recognize the source of our political heritage are in

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danger of losing it. As a child, Solzhenitsyn used to hear the old people say the reason Communism has darkened Russia is because, "Men have forgotten God."

Nancy R. Pearcey
Washington, DC

Rabbi Haberman replies:

Neither in America nor in Israel nor in any part of the world could the Bible, or for that matter, any institution, legal code, or agency, prevent the occasional appearance of the so-called lunatic fringe, including waves of bigotry and cases of atrocity. Only a fool would claim that reading or knowing the Bible bestows absolute immunity against social corruption and moral aberration. All I am saying is that the ideological roots of our democracy are largely biblical. Although a dictatorship, even a holocaust, is not unthinkable nor impossible anywhere on earth, neither is likely to happen here in America as long as we have a moral consensus based on biblical values. Our most powerful antidote against totalitarianism is a national consensus, clearly derived from the Bible, that our fundamental rights are not the gift of government but God-given. In other words, we believe with the Bible, that the nation and its government are accountable to a higher law than man's. As for the so-called sacred minority right invoked by Rabbi Rosenberg, it should be obvious that these rights are secure only as long as the majority recognizes them. Thank God, we have that kind of majority in this country, largely because of the reason I stated.

Rabbi Hertz has reservations about the New Testament and Christian missionary work among Jews. So do I. But, long years of dialogue with Roman Catholic, mainline Protestant, evangelical, and fundamentalist Christians have taught me to avoid generalizations. Christian attitudes toward Jews range from truly fraternal to downright bigoted as do Jewish attitudes toward Christians. If Christianity is to be blamed for spreading hostility against the Jews in its misplaced and frustrated missionary zeal, it should also be credited for spreading the Bible throughout the world. The New Testament in my view does not deviate from the Old Testament in regard to those beliefs and moral values that undergird the political system of America. Regrettably, the New Testament includes passages that will instill anti-Jewish feelings, if interpreted with venom. However, far more numerous are the New Testament texts that express reverence for the Old Testament, for our common heritage of faith and morals, and kinship with the Jewish people. Depending on the intentions of the Christian teacher, the New Testament can be a bridge uniting Jews and Christians or a barrier dividing them.

Ms. Pearcey has admirably summed up my thesis in just these few sentences: "Our freedoms are in fact the result of a biblically based belief in a transcendent moral standard that acts as a barrier against excessive government power. The Bible gives a higher law that rules not only the people but the rulers. An absolute moral standard is the only sure defense against absolute power. ... The very notion of 'inalienable' rights is meaningless unless grounded in divine creation—endowed not by government but (in the Founders' words) by the Creator."

Stalin and Self-Criticism

Dear Sir:

"Nuclear Age Education" (Fall 1987) by Keith Payne and Jill Coleman creates a misleading impression about our organization as well as our materials. By taking examples out of context, Mr. Payne and Ms. Coleman drew completely inaccurate conclusions about the purpose of the lessons. As a polemic their article may work; as responsible journalism it is woefully inadequate.

Educators For Social Responsibility (ESR) is a national organization of 15,000 teachers and administrators formed 5 years ago precisely to address the kinds of concerns raised by Mr. Payne and Ms. Coleman. ESR believes that seriously examining all sides of important past and present controversial issues helps students to make sense of a complex and perplexing world and to learn that their participation in civic processes can make a difference. ESR is not a "freeze movement" organization and does not take stands on political proposals or candidates.

ESR tries to instill in young people pride in and a sense of responsibility about being an American. We believe that being a citizen of the United States is a rare privilege, and that developing alert, committed, and capable citizens is a central purpose of formal education. In a democracy how else could it be?

We take issue with Mr. Payne and Ms. Coleman accusing us of "blaming America first." We strive to balance healthy social criticism with an appreciation for our great country. The point is not to flagellate the nation but rather to find ways in which young people can achieve our democratic ideals. If Mr. Payne and Ms. Coleman know how to do this without undergoing self-criticism when it is warranted, they have made a remarkable discovery.

Mr. Payne and Ms. Coleman base their criticism on facts taken out of context, misquoted, and misinterpreted. Obviously unfamiliar with teaching, Mr. Payne and Ms. Coleman did not understand the ways the materials are to be used. In several lessons, for example, original source material is examined by classes and teachers with the purpose of understanding the perspectives of the author and the possible implications of his or her statements. Mr. Payne and Ms. Coleman mistakenly thought that the positions in the source materials were what we were inculcating. For example, one could *teach* Stalin's rationale for the postwar takeover of Eastern Europe, without taking it as truth or endorsing it. Perhaps if Ms. Coleman and Mr. Payne had spoken with teachers who have used our materials and were familiar with ESR methods, they would not have misunderstood the materials.

There is little point in going through each of the 22 inaccuracies quoted in the article since it would rely on describing context and covering whole lessons instead of the pieces the authors highlight. However, we would be glad to have con-

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versations with educators, pundits, and policy analysts, such as Ms. Coleman and Mr. Payne, who are interested in how to use our materials.

At ESR we are concerned with the profound disillusionment so many of our young people feel toward public affairs. We in no way add to this but rather try to give them hope and an inclination to participate in our democracy—in whatever legal manner and/or party they might choose. It is our wish that we will be recognized for these efforts and that authors such as Mr. Coleman and Ms. Payne will strive for more accuracy and understanding than they displayed in *Policy Review.*

Roberta Snow,
Founding President
Susan Alexander,
Executive Director
Educators for Social Responsibility
Cambridge, MA

Dear Sir:

Keith Payne and Jill Coleman's article correctly identifies current curricula on this subject as promoting freezenik activism, cuts in U.S. defense, and a sympathetic image of the Soviet Union. However, nuclear curricula in the schools are much worse than a dose of left-wing propaganda because they are not merely dishing out biased information. Nuclear curricula are also behavior modification exercises; they are psychological treatments practiced on captive audiences of minor children.

An examination of the textbooks and materials used in nuclear curricula confirms that their purpose is not to impart knowledge but to change the student's attitudes and behavior, and in particular to instill fear, guilt, and despair in the minds and hearts of the students. You don't have to take my word for it; just take the words of students who took the courses.

Most nuclear courses require each student to keep a "journal" in which he records his thoughts and attitudes about the course, plus conversations with his parents, friends, and neighbors about controversial issues. The authors of the nuclear courses are often so proud of the students' reactions that they publish excerpts from these journals. For example, students who studied from the nuclear course called *Crossroads,* wrote: "I am very scared, very, very scared. Because with a nuclear war you don't have a chance to survive." "These days, I just try not to think about my future, because I have a hard time seeing one . . . I want to do something with my life, but who cares about me? Besides, we're all going to get blown up anyway."

Here are some comments from journals written by students who took the nuclear curriculum called *Decision Making in a Nuclear Age:* "Some of the discussions we had got 'pretty heavy,' and it was hard to handle! It's hard to spend 45 minutes a day talking about dying, and it's depressing!" "Several students began to cry. 'No, no,' they yelled, covering their ears. 'We'll all be dead. It's no use. We're doomed.' " "I went into this class planning not to allow it to change my thinking toward the arms race and military spending. However, to my disappointment, at the end of the class, I have to admit to a degree it has been effective. My point of view of staunch need for arms has changed to a wishy-washy feeling."

Here are some letters from 10 to 12-year-old children in Chicago whose teachers required them to read and discuss a nuclear horror tale "Warday," written by Whitley Strieber and James Kunetka. "Do you think there is any way a Warday won't happen? I don't want it to because I haven't gotten past 14 yet." "It is going to be the end of the world. Do you really think anyone will make it? If they do, will they want to? I pray I'm lucky and die."

People who have children know that normal 13-year-olds do not think about nuclear weapons unless some adult has deliberately fomented their fears. That's what the nuclear war courses are designed to do.

Maybe we shouldn't be surprised at today's shocking rates of teen-age suicide, depression, loneliness, premarital sex, and drug abuse. The nuclear war courses have taught teenagers to abandon hope because they have no future.

Nuclear curricula do not merely dish out biased information. They are also behavior modification treatments practiced on captive audiences of minor children.

—Phyllis Schlafly

Phyllis Schlafly
Alton, IL

Keith Payne and Jill Coleman reply:

Ms. Snow and Ms. Alexander's response illustrates well the very problem with the ESR materials we examined. Snow and Alexander claim, undoubtedly sincerely, that an ESR objective is the unbiased examination of all sides of controversial issues. Yet, ESR materials do no such thing. The most benign and probably correct explanation for this inconsistency between ESR materials and the goals endorsed by Snow and Alexander is that the two are not sufficiently familiar with the subject matter to recognize factual errors and political bias.

Ms. Snow and Ms. Alexander claim that we presented our critique based "on facts taken out of context, misquoted, and misunderstood." In fact, our report of bias, politicization, and factual error in the ESR material we reviewed was, if anything, understated. We did not need to contrive bias and error—the absence of balance is pervasive, and significant errors in fact also exist. The blatant factual errors we cited would be equally fallacious whatever their context. Snow and Al-

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exander assert that we made "over 22 inaccuracies" but do not cite a single one. Providing at least a few samples of our alleged error would seem necessary given the charge.

Ms. Snow and Ms. Alexander attempt to sidestep our own substantive critique of ESR material by claiming that we are "obviously unfamiliar with teaching." (The same dubious charge was used by ESR against André Ryerson in response to his critique appearing in *Commentary.)* One obviously does not need to be a teacher to recognize factual errors and bias in a subject area. One does, however, need to have more than a superficial familiarity with the subject. With regard to our credentials, Ms. Snow and Ms. Alexander should have done better homework. Keith Payne has not only taught international relations and nuclear policy to high school and college students for over a decade, but also has discussed the subject with scores of high school and college teachers.

Ms. Snow and Ms. Alexander suggest that we misunderstood an exercise involving Stalin, and note that by using original source material "one could *teach* Stalin's rationale for the postwar takeover of Eastern Europe, without taking it as truth or endorsing it." While analysis of original sources can be an effective heuristic tool, the exercise in question does *not* use original material; it presents Stalin in the most sympathetic light possible, stating that he actually believed his subjugation of Eastern Europe was for the benefit of Eastern Europeans. The problem is that this absurd rendition of Stalin's rationale is the *only one presented.* There is not the slightest suggestion of alternative, historically more accurate interpretations. Where is the dedication to "seriously examining all sides of important past and present controversial issues" that Snow and Alexander claim as the ESR intention?

We share the goals that Ms. Snow and Ms. Alexander claim for ESR. Yet, there is a chasm between those goals and the ESR material. For example, we do not know what they consider to be "healthy social criticism." It certainly is not what is presented in ESR's *Decision Making in a Nuclear Age* with regard to the United States—an almost ideological dedication of left-wing historical revisionism. Interestingly, in the same pages the Soviet Union virtually escapes any "healthy social criticism." Why is it that the United States is singled out for this "healthy" treatment? Accepting the claim by Snow and Alexander that they seek to develop in students "an appreciation for our great country," we are at a loss as to how ESR could facilitate that goal with this type of unbalanced material. In addition, it is impossible—given the not too subtle advocacy of a particular political agenda—to see in ESR material the impartial encouragement to democratic participation claimed by Ms. Snow and Ms. Alexander.

Why this dichotomy between the goals claimed by Ms. Snow and Ms. Alexander and ESR's written material? If one has not delved adequately into the subjects in question, such bias and error are unlikely to be apparent. This is a problem when considering the use of ESR material in the classroom. Most students know little or nothing about these issues. They cannot be expected to separate the wheat from the chaff and are vulnerable to such texts that include a great deal of political chaff.

Because Ms. Snow and Ms. Alexander are dedicated to helping students "make sense of a complex and perplexing world," they should have ESR material revised with an eye toward a genuinely balanced and factual presentation of postwar events and deterrence concepts. We and other professional analysts of international relations who see the need for new educational efforts, would be pleased to discuss the issue with them further and cooperate with them in the pursuit of this important objective.

White House Failures

Dear Sir:

The reminiscences of 14 Reagan officials in "Where We Succeeded, Where We Failed" (Winter 1988) include some tantalizing hints at the real reasons why the Reagan administration, for all its modest successes, fell short of its original bright promise. Chief among them were Linda Chavez's realization of "how little policy emanates from the White House," Don Devine's grumblings about the "bloated inefficiency of the White House staff," and Jack Svahn's critique of the caliber of White House topsiders and the limited access to the president.

The central problem, as I saw it (as early as March 1981), was the structural principles of the Reagan White House. Ronald Reagan is, at heart, an actor not a producer. He will balk at a bad script, but ordinarily does not like to get too involved in the process of producing the script or the show. It is particularly distasteful for him to have to downgrade or remove loyal lieutenants who are not following his agenda or not doing the job expected of them.

That being the case, the administrative structure of the White House became extremely important. It is widely agreed that Ed Meese, who generally shared the president's philosophy, was not an efficient manager of policy or personnel. Thus, James Baker was brought in as chief of staff. An excellent administrator, Baker never quite got over the idea that one pinprick would permanently explode the Reagan bubble. Aided by hard-driving David Stockman, treacherous Mike Deaver, and crafty Dick Darman, Baker took charge of policy early, frequently "de-Reaganizing" it and leaving Meese to use his personal access to the president to fight rearguard actions.

The one fatal mistake was the creation of the five Cabinet Councils in March, 1981. By this action—fully consonant with Reagan's preferences and Meese's interpersonal skills—policy leadership on most matters passed out of the White House to the Cabinet Secretaries, none of whom but James Watt could really qualify as Reaganauts. On many issues the Cabinet Councils became logrolling little legislatures, where Cabinet officers (or more often, their assistants) bargained their way to awkward compromises for the president's blessing.

Had the president directed a

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Reaganaut chief of staff to deliver policy products to him for approval, making the White House policy staff responsible instead of the diffuse and misorganized Cabinet Councils (reduced in 1985 from seven to two), the Reagan administration would have exhibited far greater policy leadership in the directions long and eloquently advocated by Ronald Reagan. This was in fact occasionally done later, as when Svahn and Charles Hobbs got a mandate to promote welfare reform in 1986. Unfortunately, another course was taken during the year of Reagan's greatest window of opportunity, a course more congenial to the hands-off president and a White House counselor who performed far better at mediating disputes than in directing a policymaking process.

John McClaughry
Senior Policy Advisor
White House Office of
Policy Development, 1981-82

The Family Wage

Dear Sir:

In "A Subsidy for Motherhood" (Fall 1987) John Mueller supports the Social Security system because "Social Security stands almost alone in accepting the traditional family (in which the father works to support the family and the mother raises the children) as normal . . . Thus upholds intact marriage."

This conclusion is based on factual errors. Mueller states: "To qualify, in general, the couple must remain married, the husband must be steadily employed." However, only 10 years of marriage are required for a divorced spouse—wife or husband—to be entitled to old-age, derivative benefits such as widow's or widower's and spousal benefits at age 62. And, the worker on whose earnings the spousal benefit is based need not even have retired.

Mueller believes that "if abortion were ended in the United States with no other changes in behavior, the birth rate could boom from 1.8 to about 3.0 births per woman." Ignored is the fact that women could go to Canada, Mexico, and elsewhere to have abortions.

Despite our differences in assumptions, Mueller and I agree on the desirability of freezing the scheduled 1988-1990 payroll tax rate increases and of permitting more immigration. But my reasons for freezing the payroll tax rate differ from his. Social Security taxes are on first dollars of earnings. When tax rates on first dollar of earnings increase, more young people perceive that the income of a one-worker family is inadequate to raise a family. As a result, more wives enter the labor force, fewer children are born, and in the future there are fewer workers to tax. Further, matching increases in payroll taxes can hurt business and employment.

The Social Security tax base is indexed to the rise of the average wage rate and thus Social Security tax revenues will increase without any increase in the rate. If the number of workers increases, as with greater immigration, then the total of Social Security taxes, more precisely labeled FICA (Federal Insurance Contributions Act), would also increase. Is it not time that all such "contributions" be called "taxes," their correct name?

Allan Carlson in his response to Mueller, "Is Social Security Pro-Family?," also finds the Social Security system to be anti-natalist and suggests a "universal, refundable dependent child income tax credit of say, $600 for each minor currently claimed as an exemption, up to the total value of the taxpayers' payroll tax." But an income tax credit helps only those who have adjusted, gross incomes high enough to pay income taxes. A tax rate freeze would help those who are low earners and thus be perceived as more fair. Carlson's proposal is a backdoor method of using forgone tax revenues. Moreover, it is doubtful if such a tax credit alone would increase the fertility rate, which is the purported reason for giving the credit.

There are no reasonably priced, effective pro-natalist government policies. Given a choice of tinkering, I prefer giving two years of earnings credit toward a Social Security benefit for each child born. It is not enough for the United States to acknowledge that the downward trend in the birth rate has been induced, in part, by heavy transfer payments. Some positive reinforcement that bearing and raising children have value in our society is needed.

Rita Ricardo-Campbell
The Hoover Institution
Stanford, CA

Ronald Reagan is, at heart, an actor not a producer.

—John McClaughry

John Mueller replies:

I believe a careful rereading will show that I did not overlook the details raised by Ms. Ricardo-Campbell, despite the editors' ruthless demand for brevity.

"In general, the couple must remain married" included "in general" to allow for the case of women divorced after more than 10 years. Though weakened from 20 years in 1977, exception remains just that—an exception. About two-thirds of divorces occur within 10 years, and less than a quarter of women ever married have been divorced. "In general," Social Security "thus upholds intact marriage."

Likewise, "with no other changes in behavior" anticipated objections like Ms. Ricardo-Campbell's point about international travel thwarting a legal right to life. As the context made clear, the object was not to make a demographic forecast, but to illustrate that noneconomic factors are potentially more decisive for the birth rate than economic incentives, important as they are.

Even so, is it plausible to suggest that making abortion illegal would merely transfer almost 1.5 million

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abortions a year abroad? Surely, a far more likely change of behavior that might counteract a rise in the birth rate would be a return to fewer pregnancies outside marriage. But I think this, and ending official approval of abortion, would be accompanied by attitudes more favorable to getting married and having children—by far the most powerful determinant of the birth rate.

Therefore I disagree that "there are no reasonably priced, effective pro-natalist policies," but I'm glad Mrs. Ricardo-Campbell agrees we must relieve economic burdens on traditional families. How does this square with her earlier proposal to phase out Social Security spousal benefits over 30 years?

As for what to call the payroll levy: If a contribution is what results in a future benefit, then Social Security is still funded mostly by contributions, not taxes.

Finally, I'm a bit surprised that no one has challenged my conclusion that the most pro-family and pro-growth choice available today is to maintain Social Security on a pay-as-you-go, family-based outline. Allan Carlson argued that in theory old-age pensions are anti-family. But he agreed that every proposal to phase out Social Security would leave families worse off. It seems that, like democracy, Social Security is the worst system except for all the others.

Gottfried's Fusion

Dear Sir:

Paul Gottfried's "Toward a New Fusionism?" (Fall 1987) is full of fascinating insights into the different types of American conservatives. He assumes, however, that they belong to groups. I suspect that there are many conservative writers and thinkers who do not regard themselves as part of any one group.

I suppose this is especially true of Southern conservatives. Our intellectual development was very different from that of today's New Right or the neoconservatives. Many Southern conservatives had conservatism bred in the bone, so to speak. And we always regarded America as an inheritance, not an idea. That's why conservatives in the South—and perhaps New England—find it impossible to accept the neoconservative notion that the American system can be exported to scores of countries around the world. Conservatives from the South have a historical base for their view and often a highly personal base as well. In my case, I think in terms of my family's America—the life experiences of my forebears—their suffering, victories, and travail. It would not occur to a conservative from the South that conservatism came out of books or that it emerged from any little group of postwar thinkers. Instead, the crucible of American history is the source of conservative views of our nation's destiny.

Southern conservatives find it impossible to accept the neoconservative notion that the American system can be exported to scores of countries around the world.

—Anthony Harrigan

The neoconservatives, the social issues New Right, and the libertarians do not understand these intellectual origins, which means they are deficient in the understanding of bedrock conservatism in the United States. Certainly, Dr. Gottfried is right in saying that the older conservatism is "an indispensable source of conservative thinking," though I strongly dissent from the view that traditional conservatives can make common cause with libertarians who reject the authority of history, tradition, and the national interest.

Anthony Harrigan
President
U.S. Business and Industrial Council
Washington, DC

Dear Sir:

With some qualifications, I agree with Mr. Gottfried's description of the "second generation" of the Old Right. There are, however, two characteristics of this grouping that I would add. One is the pessimism expressed by many of the younger adherents of the Old Right; the other is their tendency to adjure practical politics and policy conflicts in preference for what they see as a struggle for cultural and social power.

Irving Kristol has recently remarked that "in so far as we neoconservatives . . . have a creed, [it is that] you should never be pessimistic about the American future." Of course, conservatives of all kinds hope that optimism is justified, but many in the second generation of the Old Right are skeptical. Looking at the continuing cultural, bureaucratic, and political dominance of the Left, at the continuing erosion of the national fabric, at deep-seated cultural and social challenges that both the Left and the mainstream Right either ignore or welcome, at the evident failures of the Reagan administration, at the unattractiveness of most conservative presidential candidates in the aftermath of the Reagan era, at the shallowness and evanescence of many conservative successes, and at the confusion, fragmentation, and frivolity of much of the Right itself, it is difficult for second generation Old Rightists to share Mr. Kristol's faith, much less the bubbliness of many in the Third Generation.

This pessimism has led some Old Rightists to the conclusion that recent conservative "activism" and emphasis on politics and policy-making were tactically wrong. It may not be possible for a serious Right to gain political power and implement policies successfully in a political culture and social environment in

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which the Left remains dominant. It may be that conservative participants in political and policy-making forums dominated by the Left cannot avoid being crushed by their ideological and political adversary, sucked into its vortex and assimilated, or reduced to ineffectual piecemeal victories without long-term significance. It may be that any successful movement of the Right must undertake a long countermarch through the institutions permeating the cultural extensions of the liberal-left apparatus of power, before it can hope to rule through more narrow political efforts at the electoral and administrative levels.

In this sense Antonio Gramsci's idea of "ideological hegemony" and the tactic of "struggle" that follows from it are apposite to the contemporary Right. If the Reagan experience teaches us anything, it should be that there is a large difference between winning elections and governing, and that governing is hardly possible when intermediary institutions are controlled by a hostile bureaucratic and cultural elite that exploits and manipulates liberalism for its own ideological dominance.

For these reasons, the Old Right will probably not be a significant participant in conservative political and policy-making efforts in the near future (assuming there will be any such efforts), but it may become an increasingly powerful force at the level of cultural and intellectual conflict.

Samuel T. Francis
Alexandria, VA

Dear Sir:

What is especially noteworthy in Mr. Gottfried's commentary is not his demonstration that wars have been fought within the conservative family since the 1950s, but his reminder that in earlier times combat was conducted within parameters of mutual respect and toleration of honest differences of opinion. Presently, excommunications and proclamations of anathema seem increasingly to issue from segments of the "conservative" community, as a once tenuously cohesive movement fragments into compelling and exclusivist sectarianisms. Journals of opinion—principally neoconservative in orientation—have become especially susceptible to the infection of intolerance. One case in point is the intimidation from neoconservative quarters that Joseph Sobran and I have encountered when we have spoken publicly on issues related to Jews, American political culture, and the Israeli-Palestinian conflict. All this augurs ill both for the intellectual vitality of conservatism and the enduring influence of the conservative movement.

If conservatism is to survive its political success in the Reagan era, attention must be redirected from the mechanics of political and economic arrangements to the first principles of who, what, and why we are. It is unfortunate that the Intercollegiate Studies Institute has long been starved for funds, and even has received hints that it should change or dilute its mission. Today, we perhaps need fewer "policy" journals and more publications that focus on the ancient, permanent things. If "conservatism" becomes nothing more than a melange of neoconservative policy analysis, public choice theory, and national security studies (however important each of these may be), it will require no assault from a renascent liberalism to effect its demise.

Antony T. Sullivan
Ann Arbor, MI

Paul Gottfried replies:

All the letters printed in this and the winter issue concerning "Toward a New Fusionism" make telling points about American conservatism. The letters by Sullivan, Francis, Harrigan, and Congdon [see Winter 1988] correctly indicate the distance between those who view America as a historically specific inheritance with premodern-modern roots and those who would treat it as a mere proposition or as the jumping-off point for a global democratic revolution. Sullivan has performed a valuable service in reminding us of the commitment to intellectual debate that characterized the Old Right and that the current Right would do well to imitate. On the inappropriateness of conservative optimism, Francis has expressed my own views—even better than I could.

Unlike Dr. Hawkins [Winter 1988] and other conservatives who favor a national economic policy, I have no faith in our welfare state as a force for counterrevolutionary change. I see no evidence that our federal and state bureaucracies are waiting to become the vanguard of a conservative national movement. Unfortunately, Max Weber and Friedrich Hayek are right on this score. Bureaucratized government necessarily levels traditional social and cultural distinctions. I would also note that being against free trade is no more of an unequivocally conservative position than being for it. The AFL-CIO, for example, favors both tariffs and "global democratic" economic reforms.

On the other hand, Francis and Hawkins may be on to something in their published scholarship about the irreversibility of the welfare state economy. If they are, true conservatism will not survive except as a form of counterrevolutionary opportunism. An alliance of the Old Right with moderate libertarians (Dr. Kauffman [Winter 1988] will have to accept the military as the price of this alliance) may then be justified as the kind of opportunism to which I refer. Paleoconservatives and libertarians would unite in throwing up road blocks before the advancing welfare state.

Like democracy, Social Security is the worst system except for all the others.

—John Mueller

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POLICY REVIEW . . . is the organ of the Heritage Foundation—the brain center of the most rabid reaction. *Pravda*

On SDI:
Bob, you've talked about support for SDI, but you wrote in POLICY REVIEW that you would use it as a negotiating chip. *Representative Jack Kemp to Senator Bob Dole, NBC Presidential Debate*

On Marcos:
The Director of Central Intelligence, William J. Casey, originally proposed to Ferdinand E. Marcos that he call the early presidential election that ultimately led to Mr. Marcos' exile, according to an article by Senator Laxalt in POLICY REVIEW. *New York Times*

On Afghanistan:
The allegations made against the Afghan government in Michael Johns' [POLICY REVIEW] article . . . have been repeatedly made against the Democratic Republic of Afghanistan and her historic and trusted friend, the Soviet Union. *M. Sharif Yaquobi, Embassy of Afghanistan, Washington Times*

On Angola:
Savimbi's strategy, as he outlines in POLICY REVIEW, is ". . . to raise the costs of the foreign occupation of Angola until the Cubans and the Soviets can no longer bear the burden." *Norman Podhoretz, Washington Post*

On Israel:
Israel gains "convert" in Christian rightist—Helms. Jesse's alternative, spelled out in POLICY REVIEW, was for the United States to "face up to the fact that aid to Israel is essentially a defense cost." *Wolf Blitzer, New York Jewish Week*

On Our Judeo-Christian Heritage:
In POLICY REVIEW Rabbi Joshua Haberman said that the bulwark we have against tyranny in this country is our firm belief in God and our firm belief in some standard of authority above government. *Pat Robertson, "Candidates '88 with Marvin Kalb"*

On Balancing the Budget:
[Compared with George Bush] Jack Kemp has been getting off a bit easy. Now he's surfaced with an article in POLICY REVIEW entitled "My Plan to Balance the Budget." *Michael Kinsley, Wall Street Journal*

On Crime and Punishment:
[In POLICY REVIEW, Charles] Colson, former special counsel to President Nixon, makes a pretty good case for alternative sentencing, including restitution to victims of nonviolent crime. *William Raspberry, Washington Post*

On Rock Politics:
Charlton Heston told POLICY REVIEW magazine: "This may sound snobbish, but the intellectual level of rock musicians is not to be envied." *People Magazine*

On Media Bias:
ABC-TV reporter Rebecca Chase admitted that network producers, hell-bent on locating dire hunger, asked her "to scour the small towns of Mississippi to find hungry people . . . but I couldn't find any," she said in POLICY REVIEW. *Fred Barnes, Reader's Digest*

On Liberal Schizophrenia:
POLICY REVIEW . . . managing editor Dinesh D'Souza . . . scorches THE NEW REPUBLIC for "a squid-like cloud of rhetoric" on difficult social issues. "It's no use accusing TNR of schizophrenia—the editors take it as a compliment," he writes. *Washington Post*

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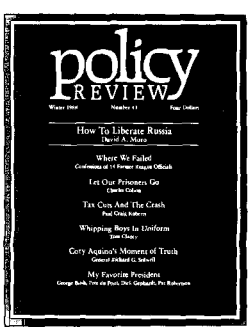

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